

THE STORY OF
OUR MONEY

OLIVE CUSHING DWINELL

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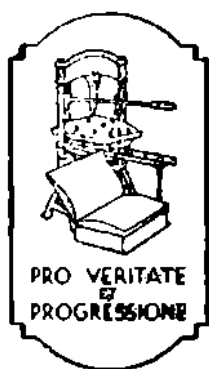
Or

*OUR CURRENCY AND CREDIT—ITS
SOURCES, CREATORS, CONTROL,
AND REGULATION OF VOLUME
AND VALUE*

AS SET FORTH IN QUOTATIONS FROM GREAT AMERICAN
HISTORIC FIGURES AND STATE PAPERS, WRITINGS,
LETTERS, HISTORIANS, CONGRESSIONAL RECORDS,
SUPREME COURT DECISIONS AND AUTHORITIES

By

OLIVE CUSHING DWINELL



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“The subject of money is disposed of by the United States Constitution with extreme brevity. It is as follows:

‘Article 1, Section 8, clause 5: The Congress shall have power to coin money, regulate the value thereof and of foreign coin.’

“This provision gives to Congress the exclusive right to do three things. These rights are of equal importance. (1) The right to coin money, and the denial of that right to the states or to individuals is unquestioned; (2) The right of Congress to regulate the value of domestic money, and (3) foreign coin, and the denial of that right to the states or to individuals is equally beyond question.”

FREDERICK RAPHAEL BURCH

The above quotation is used by permission of Frederick Raphael Burch, author of *The True Function of Money and the False Foundation of Our Banking System*, Adolphus Publishing Company, Seattle, Washington.

PREFACE

In gathering together the material presented it has been my intention to give a brief story of our money as it is revealed from records of unquestioned authority. The subject being so important and covering our entire history it was necessary to include only the most outstanding events in monetary matters so the selected quotations are guideposts to a great subject, and if the general opinion is correct, one little understood. I hope the statements chosen have told the story in general and in a way that will interest the reader in a neglected phase of our American History, Constitution and Sacred Rights.

It is also hoped that any who have not realized the necessity of understanding our monetary rights will find the subject of such importance that full support will be given those in and out of government who are endeavoring to bring Government control, instead of private manipulation, of one of the most vital and vast powers of the United States Government.

In letting the greatest voices in American history speak—with all the conviction their words carry—on one of our greatest Constitutional privileges not yet enjoyed and necessary to our democratic form of government, it is hoped much misinformation and misrepresentation of a subject, purposely befogged, will be refuted; and it is hoped that the "legend" that money is too complex a subject for the public to understand, will be another "mist dispelled." The statements quoted should convince anyone of ordinary intelligence

that there is nothing mysterious about our money even though powerful interests profiting by the "legend" prefer to have it appear abstruse. Enlightenment must come before we can enjoy the full monetary benefits of our Constitution.

O. C. D.

FOREWORD

In the pages which follow the author has brought together a remarkably complete documented history of constructive thought on the question of America's money. Here at last is opportunity for anyone who wished to do so to read in the original what citizens of this nation—some of them the very great Americans, have had to say on this central economic question. The author does not attempt to conceal her own views nor does she endeavor to present an "impartial" documentation. She herself holds certain definite beliefs and she states them frankly and boldly. She supplies an abundance of corroborative testimony in support of her position.

A much neglected underlying cause of the American Revolution becomes clear from a reading of the early pages; such outstanding American papers as President James Madison's veto of the bill to reestablish the so-called Bank of the United States are included; the passionate opposition of Andrew Jackson to the concentration of economic power in the hands of the Bank of the United States stands forth in Jackson's own vital words; the attempt of Abraham Lincoln to free the nation to assert its sovereign right to create the nation's money and the frustration of this attempt by the iniquitous National Bank Act are laid bare. And there is a central pattern that appears and reappears; the constant struggle between the advocates of debt-encumbered money and the apostles of a debt-free medium of exchange.

The "orthodox" will, no doubt, be shocked at what they will read in this volume. The author's "notes" are couched in language which is nothing if not vigorous. And there are quotations which will prove profoundly disturbing to defenders of the present scheme of things. For they reveal a long succession of outstanding Americans who have advocated the central principle that "Congress shall coin money and regulate the value thereof."

JERRY VOORHIS

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The Story of Our Money

Documented Quotations from

AMERICAN HISTORIC FIGURES
and State Papers, Historians and Authorities

CHAPTER I

COLONIAL PERIOD

The quotations following are taken from *Bancroft's History of the Colonization of the United States*. Vol. 2, Part 3, Chapter 15, Page 262 and following. All parenthesis inserted and all pronounced type used are by the author for the purpose of clarity.*

"Paper Money"

"The first emissions of Provincial paper had its origin in the immediate necessities of Massachusetts; next, in times of peace, Provinces issued bills of credit, redeemable at a remote day, and put into circulation by means of loans to citizens at low rate of interest on the mortgage of lands. The bills * * * were made legal tender (by Colonial governments). The borrowers who received them paid to the state annual interest on his debt; and this interest constituted a public revenue, obtained it was boasted without taxation."

"Massachusetts, which for twenty years (since about 1694) had used bills of credit for public purposes, in 1714 authorized an emission of 50,000 pounds in bills

*The following quotations from *Bancroft's History of the Colonization of the United States of America*, published by D. Appleton, are used by the permission and courtesy of D. Appleton-Century Company, Inc., New York.

to be let out at 5 % on safe mortgages of real estate to be paid back in five annual installments. The debts were not thus paid back; but increased clamor was raised for greater emissions. The scarcity of money was ever more and more complained of. 'All silver money was sent into Great Britain to make return for what was owing there.' "

Page 263.

"In 1720, an instruction (from the British government), after modified but never abrogated, was issued to every Governor in America to consent to no Act for Emitting Bills of Credit except for support of government, without a suspending clause, till the King's pleasure should be known."

NOTE:—This was the beginning of foreign control over the issuance of our money, and while couched in moderate language and only partially taking away the right of the Colonies to issue their own independent currency, it was the first move to gain complete control over our money by foreign manipulators of money who have fought throughout our history to enslave the people of America to the "Money Changers" for their enrichment.

"In 1738, the New England currency deteriorated in value as compared to British money, and 'the House of Commons condemned the mischievous practise'; and addressed the King in support of the Royal instructions."

NOTE:—The two moves taken by the British government to control and depreciate the Colonial currency, though it lowered the value of our currency as compared to British money, did not affect the prosperity of the young Colonies for we read the following from Bancraft's History.

Page 265.

"This period was marked by unrivalled prosperity of the Colonies. The population which had doubled within twenty-five years grew rich through industry. A British poet directed the admiration of his countrymen to the new English world:

'Lo! swarming southward on rejoicing suns,
Gay colonies extend—the calm retreat
Of undeserved distress, the better home
Of those whom bigots chase from foreign lands,
Not built on rapine, servitude and woe
But bound by social freedom, firm they rise.' "

NOTE:—What could be better proof of a currency than that it helped to develop the New World, but, of course, foreign financiers could not lend us their currency as long as we were keeping plenty of Colonial money in circulation.

Page 367.

"From the Board of Trade (British) in March, 1751, a Bill was presented (to Parliament) to restrain bills of credit (Colonial currency) in New England, with the added clause of *giving the authority of law to the king's instructions* on that subject."

"In the 'dangerous precedent' Ballan discerned the latent purpose of extending the same authority (of law by the King) to other articles. He argued, moreover, that 'the Province had a natural and lawful right to make use of its credit for defense and preservation.' New York argued 'the benefit of a paper credit.' "

"The obnoxious clause (King's power of law) was

abandoned; yet there seemed to exist in the minds of 'some persons of consequence' a fixed design of getting sanction by Parliament to the King's instructions."

Page 368.

"The Board of Trade was all the while maturing its scheme for controlling America."

NOTE:—The British Board of Trade or financial powers, acting through Parliament, were determined to gain power by law to control the Colonies by controlling the issuing of our money, first by giving the King a dictatorial power (law by King) and later, as we shall see, by other indirect means.

"In 1749 * * * compared to sterling money (British), the depreciation (of Colonial currency) was 11 to 1, which was naturally the result of the constant pressure from the mother country to destroy Continental currency and replace the scarce money of Great Britain."

"Having failed in the attempt to subject the Colonies by Act of Parliament to all future orders of the King, the lords of trade sought to gain the same end in detail. Rhode Island, a Charter Government, of which the laws were valid without assent of the King, continued to emit currency; and even more freely because Massachusetts had returned to hard money."

NOTE:—All the above quotations from Bancroft's History of early colonization show the constant struggle between the American Colonies and the British Government (mostly through the financial powers of the Board of Trade) over money,—whether the Colonies should issue

their money to develop the new country, or whether foreign financiers should force their scarce money on America to be used to control our commerce and our government.

Page 370.

"While the people of America were becoming familiar with the thought of one voluntary confederacy, government of England took a decisive step toward concentration of power over its remote dominions, which for thirty years had been the avowed object of the Board of Trade."

NOTE:—The British Government, having partially failed to "restrain bills of credit," and having failed in "Giving the authority of law to the King's instructions" over our money, the "Lords of trade" began a series of repressive measures against the Colonies denying rights long enjoyed, arrogantly usurping authority and imposing revenues and large emoluments. The following from same authority few instances of moves.

Page 374.

"Halifax * * * was vested with the entire patronage and correspondence belonging to American affairs, except that on important matters governors might still address the Secretary of State."

"Nor did the Board of Trade delay to exercise its functions, being resolved to attach large emoluments, independent of American Acts of Assembly, to all offices."

"Persons of consequence (in Britain) repeatedly, without concealment, expressed undigested notions of raising revenues out of the Colonies. Some proposed to obtain them from the Post Office and a general

Stamp Act for Americans." And "the Board of Trade (as usual functioning through the British Government) on the 8th day of March, 1753, announced to the House of Commons the need of a Colonial revenue."

NOTE:—During one of the worst wars between the Indians and French, and the Colonists, and during a dispute over who should pay for some fortifications, the Board of Trade of England chose this time.

Page 376.

"* * * for the one last great effort to govern America by prerogative. New York remained the scene of the experiment: Sir Danvers Osborne, brother-in-law of Halifax, was commissioned as its governor. * * * he took the oath of office at New York, and the people who welcomed him with acclamations hooted his predecessor. 'I expect a like treatment' he said, 'before I leave government.' On the same day he was startled by an address from the city council, who declared they would not 'brook any infringement on their inestimable liberties, civil or religious.'"

"On the next he communicated to the council his instructions which required the Assembly 'to recede from all encroachments on the prerogative' and 'to consider without delay a proper law for a permanent revenue solid, definite and without limitations.' With a distressed countenance and a plaintive voice, he asked if these instructions would be obeyed. All agreed that the Assembly never would comply. He hanged himself the next day against the garden fence."

NOTE:—This takes us up to the beginning of the break

between the British Government and the Colonies, and brings us to the first step of the union of the Colonies, first for protection against and possible peace with the Indians, and also for trade and other mutual interests.

Continuing quotations from Bancroft's History of the Colonial Period. Vol. 2, Page 385, 386.

Benjamin Franklin's Plan for a Perpetual Confederacy, at a Congress of Delegates Convened from Colonies.

"They met at Albany to concert measures of defense, and to treat with the Six Nations (Indians) and the tribes in their alliance. America had never seen an assembly so memorable—for the states were represented—or of the great and able men who composed it. Every voice declared a union of all colonies to be absolutely necessary. They were deputed to prepare a Constitution for a Perpetual Confederacy of the continent: but Franklin had already projected a plan, and had brought the heads of it with him.

"The project of Franklin being accepted, he was deputed alone to make a draught of it. On the 10th day of July, 1754, he produced the finished plan of Perpetual Union, which was read paragraph by paragraph and debated all day long."

NOTE:—Among the Articles accepted was one, as follows: "*No money was to be issued but by their joint order.*"

NOTE:—Thus the whole Colonial strength was united in this Convention in its effort to issue its own money by common edict. The struggle of the Colonies with Great Britain to control the issuance of their money was still one

of the greatest issues, and in the first great assembly of the Colonies, they agreed to act in unison on maintaining their power to issue their own money. The confederation was assembled in June, 1754. Benjamin Franklin, speaking of the confederacy, said:

Page 387.

"It is not altogether to my mind, but it is as I could get it."

Page 388.

"The New England Colonies in their infancy had given birth to a Confederacy. William Penn, in 1697, had proposed an annual congress of all provinces on the continent of America with power to regulate commerce. Franklin had breathed life into it."

"The Board of Trade (British) on receiving the minutes of the Congress were astonished at a plan of general government, 'complete in itself.' Reflecting men in England dreaded American union as the key-stone to independence."

Page 415.

"In 1755, the Assembly of Pennsylvania, in March, borrowed money and *issued bills of credit by their own resolve without the assent of the Governor (British appointed).*"

Benjamin Franklin on Money

NOTE:—The following and later quotations are excerpts taken from Franklin's writings on our money. These

great historic documents show his life-long effort to keep the power to issue money under the control of the government,—the early Colonies and later the United States Congress. The scarcity of British money made it a necessity for the Colonies to resort to “emitting bills of credit” for a sufficient supply of medium of exchange to carry on the development of the country and Colonial trade. This was always contested bitterly by British financial leaders. Franklin’s great astuteness and deep study of money and government, even in his early youth, and his great influence on the young Colonies and framing our Constitution are shown.

From *Benjamin Franklin’s Autobiography*, unmutilated and correct version. Compiled and edited by John Bigelow. George Putnam’s Sons, N. Y. Page 164.*

“About this time (1729) there was a cry among the people for more paper money. * * * The wealthy inhabitants oppos’d any addition, being against paper currency.”

“We discussed this Point in our Junto (a debating society of young men) where I was on the side of an addition, being persuaded that the first small sums struck in 1723 had done much good by increasing trade, employment and numbers of inhabitants in the Province, since I now saw all the old houses inhabited, and many new buildings; whereas, I remembered well that when I first walked about the streets in Philadelphia, *eating my roll*, I saw most houses * * * with bills on their doors ‘To be Let.’ ”

“Our debates possessed me so fully of the subject,

*The following quotation from *Franklin’s Autobiography*, edited by John Bigelow, is used by permission of G. P. Putnam’s Sons, publishers, New York.

that I wrote a printed anonymous pamphlet on it, entitled 'The Nature and Necessity of a Paper Currency.' It was well received by the common people, but the rich disliked it * * *. They happened to have no writers among them that were able to answer it; their opposition slackened and the point was carried by a majority in the House (Pennsylvania Assembly)."

"The utility of this currency became, by time and experience, so evident as never afterwards to be disputed; so that it grew soon to 55,000 pounds, and in 1739, to 80,000 pounds; since which it arose during the war (Indian) to upwards of 300,000 pounds, increasing trade, building, and all the time increasing inhabitants, though I now think there are limits beyond which the quantity may be hurtful."

From *Political, Miscellaneous, and Philosophical Pieces*, by Benjamin Franklin. Printed by J. Johnson, No. 72 St. Paul's Church Yard. 1779. This very old book of Franklin's writings was published after he was in England negotiating for the Colonies with the British Government over the British demands for "restraining the emissions of Colonial Bills of Credit" (money), and was an answer to the statements of Lord Hillsborough that the Colonial policy of issuing paper bills of credit was injurious to the Colonies.

Page 206.

*"Remarks and Facts Relative to
American Paper Money."*

NOTE:—The following is in re Report of the Board of Trade (British), dated February 9, 1764, and gives their reasons for "restraining the emissions of paper bills of credit" in America, as a legal tender. Excerpts given show

the attempt of British financiers to gain control of issuance of our money. Franklin's reply follows each statement of British negotiator.

British Statement.

"That paper money carries the gold and silver out of the Province, and so ruins the country, as experience has shown in the Colony where it has been practised in any great degree."

Franklin's Answer.

Page 207.

"This opinion of its ruining the country, seems to be merely speculative, or not otherwise founded than upon misinformation in the matter of fact. The truth is, that the balance of their trade with Britain being greatly against them (colonies) the gold and silver is drawn out to pay that balance; and then the necessity of some medium (money) of trade has induced the making of paper money, which could not be carried away. Thus, if carrying out all the gold and silver ruins the country, every colony was ruined before it made paper money. But far from being ruined by it, the colonies that have made use of paper money have been and still are in a thriving condition."

"New England, particularly, in 1696 (about the time Colonial paper money began to be issued) had in all its Provinces but 130 churches and congregations; in 1760 they were 530. The number of farms and buildings there increased in proportion to the number of people; and the goods exported to them from England in 1750, before the restraint took place, were near

five times as much as before they had paper money."

"Pennsylvania, before it made any paper money, was totally stripped of its gold and silver, though they had from time to time, like neighboring colonies, agreed to take gold and silver coins at higher and higher nominal values, in hopes of drawing money into, and retaining it, for the use of the Province. During that weak practise, silver got up by degrees to 8s, 9d per ounce, and English crowns were called 6, 7 and 8 shilling pieces, long before paper money was made. But this practise of increasing the denomination was found not to answer the end. The balance of trade carried out the gold and silver and it was bought up; the merchants raising the price of goods in proportion to the increased denomination of the money. *The difficulties for cash were very great, the chief part of trade being carried on by extremely inconvenient methods of barter.* When in 1723 paper money was first made there; which gave new life to business, promoted greatly the settlement of new land, by lending small sums to beginners on easy interest to be paid in installments, whereby the Province has so greatly increased in inhabitants, that the export from hence thither is now more than tenfold what it was; and by trade with foreign colonies, they have been able to obtain great quantities of gold and silver to remit hither in return for the manufacturies of this country (Britain). New York and New Jersey have also increased greatly during the same period with use of paper money; *so that it does not appear to be of the ruinous nature ASCRIBED TO IT.* And if the inhabitants of those countries are glad to have use of paper money among themselves, that they may thereby be able to spare for remittances here the gold and silver they obtain by their commerce with foreigners; one would expect that no objection

against their parting with it could arise here, in the country that receives it."

British Statement 4.

"That every medium of trade should have an intrinsic value; which paper has not. Gold and silver are therefore the fittest for this medium, as they are equivalent, which paper can never be."

Page 215.

Franklin's Answer to Statement 4.

"However fit a particular thing may be for a particular purpose whenever that thing is not to be had, or not to be in sufficient quantity, it becomes necessary to use something else, the fittest that can be got, in lieu of it. Gold and silver are not the produce of North America which has no mines; and that which is brought thither cannot be kept in sufficient quantity for a currency. * * * *It seems hard, therefore, to draw all their real money from them and then refuse them the poor privileges of using paper instead of it.* * * * Bank bills and bankers' notes are daily used here (England) as a medium of trade, and in large dealings, perhaps the greater part is transacted by their means; yet they have no intrinsic value, but rest on the credit of those who issue them, as paper bills in the Colonies do on the credit of the respective governments there."

"Their being payable in cash upon sight by the drawer, is indeed a circumstance that cannot attend the Colony bills; for the reason just above mentioned, their cash being drawn from them by British trade."

Page 217.

"Any well founded credit, is as much an equivalent as gold or silver, and in some cases more so, or it would not be preferred by commercial people in different countries, not to mention again our own (AMERICAN) bank bills."

NOTE:—The above statement of Franklin's disregard of the need of gold or hard money as necessary to tie to currency to make it "sound money" is a basis of Constitutional money, and a complete refutation of the gold standard, scarce money debt system of Europe.

"Nor has any alteration been occasioned by paper money in the price of the necessities of life when compared to silver. They (goods) have been for the greatest part of the time no higher than before it was emitted; varying only by plenty and scarcity."

NOTE:—It is important to notice that the Colonial money varied in value only as compared with British money, but not in relation to the cost of goods.

"It has been usual with the adversaries of paper money to call every rise of exchange in London a depreciation of the paper. * * * If paper money purchases everything but bills of exchange (British money) at the former rate * * * then it may more properly and truly be said that the exchange (British] has risen, than the paper depreciated."

Page 220.

"On the whole, no method has hitherto been formed

to establish a medium of trade in lieu of (hard) money
 equal in all its advantages to bills of credit * * *
 founded on taxes * * * or on land security * * *
 and made a legal tender."

A TRIBUTE TO BENJAMIN FRANKLIN

By GEORGE BANCROFT, *Historian*

From Bancroft's *History of the Colonization of the United States*, Vol. 2, Part 3, Chapter 15, Page 261.

"He (Franklin) rejected with disdain the 'policy of arbitrary government' which 'can esteem truth itself to be a libel.' Nor did he fail to applaud 'popular government, as resting on the wisest reasons.' In 'the multitude who hates and fears ambition' he saw the true counterpoise to unjust designs; and he trusted the mass, as unable 'to judge amiss on any essential point.' "

" 'The judgment of the whole people, * * * if unbiased by faction, undeluded by the tricks of designing men, is infallible.' That the voice of the people is the voice of God he declared to be universally true; and, therefore, 'the people cannot, in any sense, divest themselves of the supreme authority.' Thus he asserted the common rights of mankind, by illustrating 'eternal truths, that cannot be shaken even with the foundations of the world.' So was the public opinion guided in Pennsylvania more than a century ago."

Page 388.

"* * * in Franklin's mind, the Union assumed
 * * * majestic proportions, and comprehended the
 'great country back of the Appalachian Mountains.'

He said, 'In less than a century it must become populous and a powerful domain.' "

"The freedom of the American Colonies, their Union and their extension through the west, became the three objects of the remaining years of Franklin. Heaven, in its mercy, gave the illustrious statesman length of days, so that he witnessed the fulfillment of his design."

From *The Works of Benjamin Franklin*, Federal Edition, including the private as well as the official and scientific correspondence. Together with The Unmutilated and Correct Version of his Autobiography. Compiled and edited by John Bigelow. George P. Putnam's Sons, N. Y. & London. Knickerbocker Press, 1904. Vol. 4, Page 291.*

NOTE:—Benjamin Franklin was in London negotiating for the Colonies, trying to keep the peace when the following letter was written by him. The most important controversy as usual was over money, and over his effort to get the law which restrained the Colonies from issuing legal tender paper money, repealed.

Letter to Joseph Galloway
London, 6/13/1767.

"I mentioned (to Parliament) my hopes that we should at length get over ALL OBJECTIONS to the REPEAL OF THE ACT RESTRAINING THE LEGAL TENDER PAPER MONEY; * * * The ministry had agreed to the repeal; and the notion

*The following letters from *The Works of Benjamin Franklin*, Federal Edition, compiled and edited by John Bigelow, published by G. P. Putnam's Sons, are used by permission of G. P. Putnam's Sons Publishing Company.

that had possessed them, that they might make a revenue from paper money in appropriating the interest by Parliament, was pretty well removed by my assuring them that it was my opinion no Colony would make money on those terms, and that the benefits arising to the commerce of this country (England) in America from a plentiful currency would therefore be lost, and the repeal answer no end, if the Assemblies (in our Colonies) were not allowed to appropriate the interest themselves; * * *

"Those and other reasons that were urged, seemed to satisfy them, so that we began to think all would go smoothly, and the merchants prepared their petition, on which **THE REPEAL WAS TO BE FOUNDED.**"

"But in the House (of Commons), when the Chancellor of the Exchequer (Minister of Finance in the British Cabinet) had gone through his proposed American revenue, viz, duties on glass, * * * etc., Granville (past Prime Minister) stood up and undervalued them all as trifles, and says he, 'I will tell the honorable gentlemen of a revenue that will **PRODUCE SOMETHING VALUABLE IN AMERICA; MAKE PAPER MONEY FOR THE COLONIES, ISSUE IT UPON LOAN THERE, TAKE THE INTEREST AND APPLY IT AS YOU THINK PROPER.**' Mr. Townsend (Chancellor of the Exchequer), finding the House listened to this and seemed to like it, stood up and said, * * * that that was a proposition of his own * * * and as proof of it he assured the House a Bill was prepared for the purpose, and would be laid before them."

"I found the rest of the ministry did not like this proceeding of the Chancellor's, but there was no going on with our scheme against his declaration, * * * and as we found the general prejudice against the

Colonies so strong in the House, that anything in the shape of a favor to them was like to meet with opposition, I proposed * * * asking the favor for us (meaning Pennsylvania) alone." (It was the most liked colony.)

NOTE:—The above shows the determined effort of the financial and banking interests of the old world to force their money on the Colonies, and to practically mortgage the new world to the European money system. The naked and ugly truth is revealed—the desire of the money power to enslave the Colonies in debt. In all Franklin's public life he tried to save us from foreign or private control of issuance of our money. *But his efforts and that of others like Jefferson, Jackson and Lincoln, were in vain, as history plainly reveals.*

Page 307. Another letter.

"I am glad you have made a trial of paper money not a legal tender. The quantity being small may perhaps be kept in full credit notwithstanding; and if that can be avoided, I am not for applying here (England) again very soon for a repeal of the Restraining Act. I am afraid an ill use will be made of it. *The plan of our adversaries is to render Assemblies in America useless*, and to have a revenue independent of their (American) grants, for all the purposes of their defense and supporting governments among them. It is to our interest to prevent this. And that they may not lay hold of our necessities for paper money, to draw a revenue from that article whenever they grant us the liberty we want of making it a legal tender, I wish some other method may be fallen upon of supporting its credit."

"What think you of getting all the merchants, traders and principle people of all sorts, to join in petition to the Assembly for a moderate emission, the petition being accompanied with a mutual engagement to take it in all dealings at the fixed rate of law? Such an engagement had a great effect in fixing the value and rates of our gold and silver. * * * There can be no doubt that, should a scarcity of money continue among us, we shall take off less of their merchandise, and attend more to manufacturing, and raising the necessities and superfluities of life among ourselves, which we now receive from them (England)."

Page 335.

"I shall do my utmost this winter to obtain THE REPEAL OF THE ACT RESTRAINING LEGAL TENDER if our friends and merchants think it practicable, and will heartily espouse the cause."

From same series. Vol. 5, Page 53.

Letter to Lord Kames
London, 1/1/1769.

"I am glad to find you are turning your thoughts to political subjects, *and particularly to those of money, taxes, * * ** and others. The world is yet much in the dark on those important points; and many mischievous mistakes are continually made in the management of them. Most of our Acts of Parliament for regulating them are, in my opinion, little better than political blunders, owing to the ignorance of science, or *TO THE DESIGNS OF CRAFTY MEN WHO MISLEAD THE LEGISLATURE, PROPOSING*

SOMETHING UNDER THE SPECIOUS APPEARANCE OF PUBLIC GOOD, WHILE THE REAL AIM IS TO SACRIFICE THAT TO THEIR PRIVATE INTERESTS."

"The Act you inquire about had its rise thus; during the war (Indian wars in Colonies) Virginia issued great sums of paper money for the payment of their troops, to be sunk in a number of years by taxes. * * * The ministry and the Parliament (British) came into the making of a general act, forbidding future emissions of paper money *that should be legal tender* in any colony whatever."

NOTE:—How well the above statement by Franklin states the money problem today! We are still "in the dark" on money, and most Acts of Congress on that subject show ignorance of that "science," and "*designs of crafty men who mislead legislators under specious appearance of public good,*" for "*their private interests.*"

CHAPTER II

INDEPENDENCE

United States Continental Congress

From *History of the Articles of Confederation*, by Thomas B. Wait. Published by Thomas B. Wait, Boston, 1821. (In part, as Articles relate to unity, money and American Independence.)

Page 285.

Article V. *Submitted by Franklin*

"That the power of Congress shall extend to those determining peace and war * * *. *Those that relate * * * to our general currency.*"

"These Articles shall be proposed to the several provincial conventions or assemblies to be by them considered; and if approved they are advised to empower their delegates to agree to and ratify the same in the ensuing Congress. After which the Union thereby established is to continue firm, *till the terms of reconciliation proposed in the petition of the last Congress to the king are agreed to:* till the Acts since made, (1) restraining the American commerce and fisheries are repealed; (2) till reparation is made for the injury done to Boston by shutting up its ports; (3) for the burning of Charleston; (4) and for the expense of this unjust war; (5) and till all the British troops are withdrawn from America. On the arrival of these

events, the Colonies will return to their former connexion and friendship with Britain; *but on failure thereof, this Confederation is to be perpetual.*"

Page 289.

June 10, 1776

"Agreeable to order, the Congress resolved itself into a committee of the whole to take into their further consideration The Resolution to them referred (by Franklin); and after sometime spent thereon, the President (Hon. Peyton Randolph, unanimously chosen), resumed the chair, and Mr. Harrison reported that the committee had under consideration the Resolutions to them referred, and have come to a Resolution, which he read. * * *

"RESOLVED: * * * a committee be appointed to prepare a DECLARATION to the effect of the said Resolution, which is in these words:

"That these United Colonies are and by right ought to be free and independent states; that they are absolved from all allegiance to the British crown; and that all political connexion between them and the state of Great Britain is and ought to be totally dissolved.' "

Page 290.

June 12, 1776

"RESOLVED: That the Committee to prepare and digest the form of a Confederation to be entered into between the Colonies consist of a member from each colony."

July 12th, 1776

"THE COMMITTEE APPOINTED TO PRE-

PARE Articles of Confederation brought in a draft which was, and is as follows:

*"ARTICLES OF CONFEDERATION AND
PERPETUAL UNION.*

"Thirteen original Colonies are New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, New York, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia."

Article 1

"The name of this Confederacy shall be *The United States of America.*"

Page 297.

Article 18

(The Article pertaining to money)

"The United States assembled shall have *the sole and exclusive* right and power of determining on peace and war. * * * Coining money and regulating the value thereof."

NOTE:—The "sole and exclusive power" of Congress to coin our money and regulate its value was the intention of the founders of our Republic as shown in Article 18.

Page 298.

"The United States assembled shall have authority for the defense and welfare of the United Colonies and every one of them, to agree upon and fix the necessary sums and expenses; *TO EMIT BILLS*, or to borrow money on the credit of the United Colonies. * * * The United States assembled shall never engage the United Colonies in a war; * * * nor emit bills; nor borrow money on the credit of the United Col-

onies * * * unless the delegates of nine Colonies freely assent to the same."

Page 309.

"Revised Articles of Confederation"

August 20, 1776

NOTE:—Following give slight changes in phrasing Articles as the debate continues from day to day. Only Articles on money and war given.

"The United States Assembled shall have the **SOLE AND EXCLUSIVE** right and power of determining on peace and war, * * * coining money and regulating the value thereof."

Page 311.

"The United States in Congress assembled shall never engage in a war; nor coin money; * * * nor emit bills; nor borrow money on the credit of the United States—unless 9 states assent to same."

Page 314.

Article XVI

"These Articles shall be proposed to the Legislatures of all the United States, to be considered; and if approved by them, they are advised to authorize their delegates to ratify the same in the Assembly of the United States, which being done the Articles of this Confederation shall inviolably be observed by every state; and the Union is to be perpetual."

Page 348.

NOTE:—The following in re redemption of all cur-

rency issued before the framing of the United States Government shown.

"All bills of credit emitted, moneys borrowed, and debts contracted by or under the authority of the Congress before assembling of the United States, in pursuance of the present Confederation, shall be deemed and considered as a charge against the United States; for payment and satisfaction whereof the said United States and the public faith are hereby solemnly pledged."

Page 387.

"We, the delegates of the States affixed to our names, send greetings, WHEREAS, the delegates of the United States of America in Congress assembled did on the 15th of November, 1777, and in the second year of Independence of America, agree to certain Articles of Confederation and perpetual union between the thirteen Colonies."

Page 397.

NOTE:—The following is the finally ratified clause on money in the Continental Congress.

"To ascertain the necessary sums of money to be raised for the service of the United States and to appropriate and apply same for defraying the public expenses; to borrow money, OR EMIT BILLS ON THE CREDIT OF THE UNITED STATES, etc."

From *The Writings of James Madison*, edited by Gaillard Hunt. G. P. Putnam's Sons, N. Y. Vol. I, Page 40.*

*The following quotations from *The Writings of James Madison*, edited by Gaillard Hunt, and published by G. P. Putnam's Sons, are used by permission of G. P. Putnam's Sons Publishing Co.

NOTE:—The editor writes on the Continental Congress' Bank Bill passed during the Revolutionary War.

"The Bank of North America he (Madison) had opposed as he considered the institution as a violation of the Confederation. * * * The Bank of North America was, however, a child of necessity; as soon as the war was over, it ceased to operate as to Continental purposes. But he (Madison) asked, are precedents in war to justify violations of private States in times of peace?"

Vol. 1, Page 167-9.

"To Edmund Pendleton. Jan. 8, 1782"
(From Madison)

"Yesterday was opened, for the first time, the Bank instituted under the auspices of Congress. * * * A charter of incorporation was granted, with recommendations to all states to give it all the necessary validity within their respective jurisdiction. As this is a tacit admission of a defect of power, *I hope it will be an antidote against the poisonous tendency of precedents of usurpation.*"

From *The Works of Benjamin Franklin*, compiled by John Bigelow. George Putnam's Sons, N. Y. & London. Knickerbocker Press, 1904. Vol. XI, Page 313.

*"Letter to the Duke de la Rochefoucauld,
4/15/1787"*
(from Franklin) *

"Paper money in moderate quantities has been found

*The following quotations from *The Works of Benjamin Franklin*, edited by John Bigelow, published by G. P. Putnam's Sons, are used by the permission of G. P. Putnam's Sons, publishers, N. Y.

beneficial; when more than occasions of commerce require, it depreciated and was mischievous; and the populace are apt to demand more than is necessary. In this state (Pennsylvania) we have some and it is useful, and I do not hear any clamor for more."

"* * * *the grand Federal Constitution* (referring to the old Confederation) is generally blamed as not having given sufficient powers to Congress, the Federal Head. *A Convention is therefore appointed to revise that Constitution and propose a better.* You will see by the enclosed paper your friend is to be one in that business, though he doubts his malady may not permit him giving constant attendance."

"I am glad to see that you are named as one of a General Assembly to be convened in France. I flatter myself that great good may accrue *to that dear nation*, from the deliberations of such an assembly. *I pray God to give it His blessing.*"

Page 318-19.

"Letter to Marquis de LaFayette, 4/17/1787"

"Our enemies are, as you observe, very industrious in depreciating our national character. Their abuse sometimes provokes me, and I am almost ready to retaliate; but I have held my hand, though there is abundant room for recrimination; because I would do nothing that would hasten another quarrel by exasperating those who are still sore from their late disgraces. Perhaps it may be best that they should please themselves with fancying us weak, or poor, or divided and friendless; they may then not be jealous of our growing strength, which since the peace, does really make rapid progress, and may be less intent on interrupting it."

"I do not wonder that *the Germans who know little of free constitutions*, should be ready to suppose that such cannot support themselves."

"That there should be faults in our first sketches or plans of government is not surprising; rather, considering the times, and the circumstances under which they were formed, it is surprising that the faults are so few. *Those in the General Confederation Articles are now about to be considered in a convention called for that purpose*; these will indeed be the most difficult to rectify."

CHAPTER III

BIRTH OF THE CONSTITUTION
THE CONSTITUTIONAL CONVENTION
(May 25th, 1787)

From *Records of the Federal Convention of 1787*. Madison's Records, often abbreviated, of the Constitutional Convention. Edited by Max Farrand, Professor of History in Yale University. Published by New Haven Yale University Press. Humphry Melford, London. Vol. 2, Page 136.*

NOTE:—The following Article on money as it was debated and changed slightly from time to time during the Constitutional Convention.

"S & H D in C ass (most likely meaning Senate and House declare in Congress assembled) *shall have the exclusive Right of coining money—regulating its alloy and value*, fixing the standard of Weights and Measures throughout the United States."

Page 158–9.

"The Legislature of the United States shall have the exclusive Power * * * of coining Money * * * of determining in what specie of money the public Treas. shall be supplied."

Page 167.

August 6, 1787

"The Legislature of the U. S. shall have the [Right

*The following quotations from *Records of the Federal Convention of 1787*, *Madison's Records*, edited by Max Farrand, Professor of History, Yale University, and published by the Yale University Press, are used by the permission and courtesy of the Yale University Press, New Haven, Conn.

&] Power to * * * coin money; to regulate the [Alloy and] Value of foreign Coin."

Page 181-2.

"The Legislature of the U. S. Shall have the power to * * * coin money; to regulate the value of foreign coin; * * * to borrow money and emit bills on the credit of the United States."

Page 569.

"Proceedings of Convention referred to the Committee of Style and Arrangement."

NOTE:—Following is Constitution (in part) as adopted by the Constitutional Convention.

THE CONSTITUTION OF THE UNITED STATES OF AMERICA *On the Coinage of Our Money*

"We the People of the States of New Hampshire, Massachusetts, Rhode Island and Providence Plantations, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, and Georgia, DO ORDAIN, DECLARE and ESTABLISH the following Constitution for the Government of Ourselves and our Posterity."

Article 1

"The style of this Government shall be *The United States of America*."

Page 655.

Article 1, Sec. 8, Par. 5

"Congress shall have power to coin money, regulate the value thereof, and of foreign coin."

NOTE:—The committee on style consisted of Johnson, Hamilton, Morris, Madison and King.

NOTE:—The Independence of America attained, and Constitutional Government established, a new period in our history begins. The political freedom attained did not prevent the financial interests of Europe from using their great power and influence to immediately attempt to nullify that Article in the Constitution which gave Congress power to issue our money. By means of Hamilton's power (as Secretary of the Treasury) Congress was induced to construe the Constitution "as having implied powers" never intended it to have by the framers. By hoodwinking and corrupting part of Congress, control over our currency issuance and consequently over our wealth and government was gained by our defeated enemies; and in spite of the strong opposition of Jefferson, Madison and others, The United States Bank of issue (a private bank) was chartered for 20 years.

BENJAMIN FRANKLIN'S GREAT ORATION

On Unanimous Adoption of the Constitution (in part)

From *The Works of Benjamin Franklin*, compiled by John Bigelow. G. P. Putnam's Sons, N. Y. & London. Knickerbocker Press. 1904. Vol. XII, Pages 379–80. (Speech delivered before the Constitutional Convention at the conclusion of the deliberations.)*

"I confess that I do not entirely approve of this

*The following quotations from *The Works of Benjamin Franklin*, compiled by John Bigelow, published by G. P. Putnam's Sons, are used by the permission and courtesy of G. P. Putnam's Sons, Publishers, New York.

Convention; but, sir, I am not sure that I shall never approve it; for having lived long, I have experienced many instances of being obliged, by better information or fuller consideration, to change opinions even on important subjects, which I thought once right, but found to be otherwise. * * * *I agree to this Constitution, with all its faults*, if they are such;—because I think a general government necessary for us. * * * I doubt, too, whether any other convention we can obtain may be able to make a better Constitution; for, when you assemble a number of men, to have the advantage of their joint wisdom, you inevitably assemble with those men all their prejudices, their passions, their errors of opinion, their local interests, and their selfish views.”

“From such an assembly can a perfect production be expected? It, therefore, astonishes me, sir, to find this system approaching so near to perfection as it does, *and I think will astonish our enemies, who are waiting with confidence to hear that our counsels are confounded like those of the builders of Babel.* * * * Thus I consent, sir, to this Constitution, because I expect no better, and because I am not sure that it is not the best. * * *

“I hope therefore for our own sakes, as a part of the people, and for the sake of our posterity, that we shall act heartily and unanimously in recommending this Constitution wherever our influence may extend, *and turn our future thoughts and endeavors to the means of having it well administered.*”

“On the whole, sir, I cannot help expressing a wish that every member of this Convention who may still have objections to it *would with me on this occasion doubt a little his own infallibility, and to make manifest our unanimity, put his name to this instrument.*”

NOTE:—Then a motion was made for adding the last formula, viz:

“Done in Convention by unanimous consent.”

NOTE:—The Constitutional Convention finished the 17th day of September, 1787.

Page 353.

*Letter to Jane Mecom, from Franklin
Sept. 20th, 1787*

“The (Constitutional) Convention finished the 17th inst. I attended the business of it five hours in every day from the beginning, which is something more than four months. You may judge from thence that my health continues. (Franklin was eighty-two years old). * * * The forming of it (the Constitution) so as to accommodate all the different interests and views was a difficult task; and, perhaps, after all it may not be received with the same unanimity in the different States that the Convention have given the example of in delivering it out for their consideration. We have, however, done our best, and it must take its chance.”

FRANKLIN WARNS AMERICA OF DICTATORSHIP

NOTE:—The following warning by Franklin was given in the Constitutional Convention in regard to great monetary benefits to officials, and during the contest between Hamilton (who, by his own words, favored monarchy, as well as the British banking system) and the democratic Franklin.

Page 368.

"There is scarce a king in a hundred who would not, if he could, follow the example of Pharoah—*get first all the peoples' money, then all their lands, and then make them and their children servants forever.* It will be said that we do not propose to establish kings. I know it. But there is a natural inclination in mankind to kingly government. * * * They had rather have one tyrant than five-hundred. It gives more of the appearance of equality among citizens, and that they like."

"I AM APPREHENSIVE THEREFORE, PERHAPS TOO APPREHENSIVE,—that the Government of these States may, IN FUTURE TIMES, END IN A MONARCHY. But this catastrophe, I think, may be delayed, if in our proposed system we do not sow the seed of contention, faction and tumult, *by making our posts of honor places of profit.*"

DOCUMENTAY PROOF OF HAMILTON'S MONARCHISTIC and BRITISH SYMPATHIES AND SUPPORT

From *History of the Life and Times of James Madison*, by Wm. C. Rives. Published by Little, Brown & Co., Boston. 1866. Vol. 2, Page 346.*

"He (Hamilton) frankly avowed his distrust of both Republican and Federal Government. * * * He also expressed his despair of the practicability of

*The following quotation from *History of The Life and Times of James Madison*, by Wm. C. Rives, published by Little, Brown & Company, Boston, 1866, is reproduced by courtesy of the publishers.

establishing a republican government over so extensive a country as the United States."

"He was sensible at the time, that it would be unwise to propose one of any other form. Yet, *'he had no scruple,'* he said, *'in declaring that in his private opinion, the British Government was the best in the world, and that he doubted much whether anything short of it would do in America.'* "

"He (Hamilton) then deduced the necessity of as permanent a tenure, as public opinion would bear, of the leading branches of the new Government. *'Let one branch of the Legislature,'* he said, *'hold their offices for life; or at least during good BEHAVIOR. LET THE EXECUTIVE ALSO BE FOR LIFE.'* "

NOTE:—In fine print at bottom of page is following "note." "In the brief summary given above of Col. Hamilton's speech, we have followed mainly the REPORT OF MADISON, which he (Madison) tells us, was submitted to Col. Hamilton, and sanctioned by him, with a few verbal alterations, WHICH WERE MADE."

Page 348. A note.

"Mr. Morris (Gouverneur) who was a most intimate friend and associate (of Hamilton) in writing says, *'He (Col. Hamilton) never failed on every occasion, to advocate the excellence, AND AVOW HIS ATTACHMENT TO MONARCHY.'* "

NOTE:—In the following we see the type of man who was to ignore the Constitution later on, on the Money Article.

"Mr. Morris (Gouverneur) in writing to Robert

Walsh, Feb. 5th, 1811, said, '*He (Hamilton) disliked the Constitution (of the U. S.) * * * and he hated Republican Government because he confounded it with democratical government.*' "

NOTE:—It is well to take special notice of the fact that Alexander Hamilton, an avowed monarchist at heart, and only supporting our Republican and Constitutional Government, *by the necessity of public opinion*, was the man, more than any other, who plunged the United States into *a financial system of private bank issuance of money,—a system which had been fought by Franklin and the framers of our Constitution as vigorously as monarchy was fought.* Hamilton's monarchistic bent,—his inclination toward "a kingly government" which Franklin warned us of, was unable to gain any sympathy in the Colonies, but it found support in the financial dictatorship of The Bank of the United States, a private bank of issue of currency. What he was unable to do politically through government, he accomplished indirectly by forcing through Congress his British banking system of private control of the issuance of our money, and thus controlling government through financial power. There is no difference between a political tyranny and a financial tyranny.

CHAPTER IV

HAMILTON DEFIES THE CONSTITUTION
A BILL FOR THE BANK OF THE
UNITED STATES*Introduced by Alexander Hamilton*

NOTE:—Hamilton introduced a report into the House of Representatives in December, 1790, which would charter the Bank of the United States, which would be privately owned. It was to be a legal corporation for thirty years with exclusive privileges. It had the sole right of issuing currency for the United States, was exempt from taxation, and the United States became responsible for all its transactions. Hamilton boldly invoked the policy of "implied powers" of the Constitution, which powers were not given in the Constitution, and which powers would not have been sanctioned by the different states which were required to ratify the Constitution before it became the fundamental law of the land. This bank charter was the center of debate in both houses and the cabinet, and the contest lined up those on both sides of the issue of whether the United States should control the issue of our currency or whether that power should be turned over to private corporations.

From *The History of The Constitution of the United States*, by George Bancroft. D. Appleton & Co., New York. 1893. 6th Edition. Vol. 1, Page 31.*

"He (Hamilton) recommended a National Bank

*The following quotation from *Bancroft's History of the Constitution of The United States*, published by D. Appleton, is used by the permission of D. Appleton-Century Company, Inc., New York.

with a capital of ten or fifteen million dollars, to be paid one-third in hard money and the other two-thirds in European funds or landed security. It was to be erected into a legal corporation for thirty years, *during which no other bank, public or private, was to be permitted.* (A monopoly). Its capital and deposits *were to be exempt from taxation*, and the United States collectively and particularly, were to become conjointly responsible for all its transactions. Its sources of profit were to be the *sole right of issuing a currency for the United States equal in amount to the whole capital stock of the bank.*"

Quoting from Madison, "The doctrine of implication (implied powers) is always a tender one. * * * *The danger of it has been felt by other governments. The danger was felt in the adoption of our own; the danger may also be felt if we do not keep close to our chartered authorities.* * * *

"If implications thus remote and thus multiplied may be linked together, A CHAIN MAY BE FORGED THAT WILL REACH EVERY OBJECT OF LEGISLATION, EVERY OBJECT WITHIN THE WHOLE COMPASS OF POLITICAL ECONOMY."

"It takes from our constituents the opportunity of deliberating on the untried measures, although their hands are also tied by the same terms. * * * *It invokes a monopoly which affects the equal rights of every citizen.*"—James Madison.

From *Writings of James Madison*, by Gaillard Hunt. Published by Geo. P. Putnam's Sons, New York. Vol. 6, Page 41.*

*The following quotation from *Writings of James Madison*, edited by Gaillard Hunt, published by G. P. Putnam's Sons, is used by courtesy of G. P. Putnam's Sons Publishers.

"In view of the subject, he (Madison) objected to the Bill (Bank) as the public, he thought, ought to derive greater advantage from the institution than those proposed." He said, *'In case of a universal circulation of the notes of the proposed bank, the profits will be so great that the government ought to receive a very considerable sum for granting the charter.'* "

" 'There are other defects * * * and the right to establish subordinate banks ought not to be delegated to any set of men under Heaven.' "—James Madison.

NOTE:—The Bank Bill passed the House with a meager majority of 19 votes.

A U. S. SENATOR RECORDS THE SENATE CONTEST

From the *Journal of Wm. McClay*, United States Senator from Pennsylvania, 1789. Edited by Edgar S. McClay, published by D. Appleton & Co., New York, 1890. Page 368. (First session of Congress.)

"Jan. 11th, Tuesday. The Bank Bill was taken up and the debates became more interesting. * * * The ostensible objects held out by Butler and Izard were that the public should have all the advantages of the bank; *but showed no foundation for this, no system, no plan or calculation.* They (Butler and Izard, speaking for Hamilton) were called on to show any, and were promised support if they could show any practicability in their system."

"Jan. 14, Friday. This day the bank engaged us to the hour of adjournment. It was limited to 20 years. Mr. Morris (friend of Hamilton) had yesterday de-

clared that the public ought to subscribe on the same terms as other individuals. It was not so in the Bill. I showed him an amendment to this purpose and asked him to support me in it. He said Schuyler had told him *Hamilton said it (The Bank Bill) must not be altered*, but concluded 'I will speak to Hamilton.' "

Page 371.

"Jan. 17, Monday. I told them plainly that I was no advocate of the banking system; that I considered them as machines for promoting the profits of unproductive men; * * * *that the whole profit of the bank ought to belong to the public*, provided it was possible to advance the whole stock on her account. * * * But I must remark that the public was grossly imposed upon in the present instances. While she advanced all specie; individuals advanced three-fourths in certificates, which were of no more value in the support of the bank than so much stubble. Besides, the certificates were all under interest already, and it was highly unjust that other paper (money) should be issued on their credit which bore a premium and operated as a further tax on the country."

"Jan. 18, Tuesday. This day the Bank Bill was taken up again. I feel much reluctance to minute anything on this subject. *I never saw the spirit of speculation display itself in stronger COLOR. Indeed, the guise of regard for the interest of the public was NOT PRESERVED.*"

"Jan. 20, Thursday. I sincerely wish to derive a benefit to the public from the bank; * * * the public are * * * in the hands of the moneyed interests. * * *"

Page 355.

*McClay Records Following When Hamilton
Presented His Bill -*

"Dec. 24 (month before dates above). Yesterday the Secretary of the Treasury's Report on the subject of a National Bank was handed us, and I can readily see that a bank will be the consequence. *Considered as an aristocratic engine, I have no GREAT PREDILECTION FOR BANKS.* They may be considered, in some measure, as operating like a tax in favor of the rich, against the poor, *tending to the accumulation (of money) in a few hands; and under this view may be regarded as opposed to Republicanism.*"

NOTE:—The Bank Bill passed the Senate; there was an opposition voiced that it created a monopoly.

From the *Writings of Jefferson*," Autobiography, Correspondence, Reports, Messages, Addresses and other writings, official and private. Published by order of the Joint Committee of Congress of the Library, from original manuscripts deposited in the State Department; with explanatory notes, and indexes. Edited by H. A. Washington. Published by H. W. Derby, 625 Broadway, N. Y. 1861. Vol. 7.

NOTE:—Washington asked Jefferson for opinion.

OPINION OF THOMAS JEFFERSON
SECRETARY OF STATE

(In Part)

*On the Unconstitutionality of a Bank of the
United States*

"The Bill for establishing a National Bank undertakes among other things:—

- 1.—To form the subscribers into a corporation.
- 2.—To enable them in their corporate capacity to receive grants of land; and so far is *against the laws of mort-main*. (Though the Constitution controls the laws of Mortmain so far as to permit Congress itself to hold land for certain purposes, yet not so far as to permit them to communicate *A SIMILAR RIGHT TO OTHER CORPORATE BODIES*.)" Parenthesis by Jefferson.
- 3.—To make alien subscribers capable of holding lands; and so far is against the laws of Alienage.
- 4.—To transmit these lands, on death of a proprietor, to a certain line of successors; and so far changes the course of Descents.
- 5.—To put the lands out of reach of forfeiture and escheat; and so far is against the laws of Forfeiture and Escheat.
- 6.—To transmit certain chattels to successors in a certain line; and so far is against the laws of Distribution.
- 7.—To give them *the sole and exclusive right of banking under the national authority; and so far is against the laws of Monopoly*.
- 8.—To communicate to them a power to make laws paramount to the laws of the states; for so they must be construed, to protect the institution from the control of the State Legislatures; and so, probably, they will be construed.

"I consider the foundation of the Constitution as laid on this ground; That '*all powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the states, or to the people.*' (X Amendment)."

"*To take a single step beyond the boundaries thus specifically drawn around the powers of Congress is to*

take possession of a boundless field of power no longer susceptible of any definition."

"The Incorporation of a bank and the powers assumed by this Bill, have not, in my opinion, been delegated to the United States by the Constitution."

"The Bill delivers us up bound to the National Bank, who are free to refuse all arrangements, but on their own terms, and the public not free, on such refusal, to employ any other bank."

NOTE:—How little we ever hear of that great statement of Jefferson in press, or in speeches on the great democratic Jefferson and framer of the Declaration of Independence! The money monopoly has seen to that.

From *Writings of Madison* again. Vol. 6, Page 41-2.*

MADISON'S VETO MESSAGE

(In Part)

Framed at President Washington's Request

"I object to the Bill because it is an essential principle of the Government that powers not delegated by the Constitution cannot be rightfully exercised; because the power proposed by the Bill to be exercised is **NOT EXPRESSLY DELEGATED.**"

"I object to the Bill because it appears to be unequal between the public and the Institution, in favor of the Institution; imposing no conditions on the latter equivalent to the stipulations assumed by the former."

"I object to the Bill *because it is in all cases the duty of the Government to dispense its benefits to individ-*

*The following quotation from *The Writings of James Madison*, edited by Gaillard Hunt, and published by G. P. Putnam's Sons, is reproduced by courtesy of the G. P. Putnam's Sons Publishing Co.

*uals with as impartial a hand as the public interest will permit * * **"

NOTE:—Hamilton and his lieutenants claimed a monopoly on Washington, and when time passed and the Bank Bill was not signed because, as shown above, Washington was uncertain as to the Constitutionality of the Bill, the well known smear campaign was started against the President.

From *Hamilton's Works*, published by order of the Joint Library Committee of Congress. Edited by John C. Hamilton, author of *The Life of Hamilton*. Published by John F. Trow, New York, 4951-53 Ann St., Vol. 3, Page 118, Par. 3.

ALEXANDER HAMILTON'S MONETARY POLICY and UNCONSTITUTIONAL U. S. BANK SCHEME

"It is immaterial what serves the purpose of money, whether paper or gold and silver; that the effect of both upon industry is the same; and that the intrinsic wealth of a nation is to be measured, *not by the abundance of the precious metals contained in it, but by the quantity of the productions of its labor and industry.*"

Page 108.

"It is a well established fact, that banks in good credit can circulate a far greater sum than the actual quantum of their capital in gold and silver. The extent of the possible excess seems indeterminate; though it has been conjecturally stated at the proportion of two and three to one. This faculty is produced in various ways,

1.—A great proportion of the notes which are issued

and pass current *as cash* are indefinitely suspended in circulation from the confidence which each holder has that he can, at any time, turn them into gold and silver.

- 2.—Every loan which a bank makes is, in its first shape, a credit given the borrower on its books, the amount of which it stands ready to pay, *either in its own notes*, or in gold and silver, at his option. **BUT IN A GREAT NUMBER OF CASES, NO ACTUAL PAYMENT IS MADE IN EITHER.** The borrower frequently, by check or order, transfers his credit to some other person, to whom he has a payment to make, who, in turn, is as often content with a similar credit, because he is satisfied that he can, whenever he pleases, either convert it into cash, or pass it to some other hand as an equivalent for it. **AND IN THIS MANNER THE CREDIT KEEPS CIRCULATING, PERFORMING IN EVERY STAGE THE OFFICE OF MONEY**, till it is extinguished by a discount with some person who has a payment to make to the bank, to an equal or greater amount. Thus, **LARGE SUMS ARE LENT AND PAID, FREQUENTLY, through a variety of hands, WITHOUT THE INTERVENTION OF A SINGLE PIECE OF COIN.**
- 3.—There is always a large quantity of gold and silver in the repositories of the banks, besides its own stock, which is placed there with a view partly to its safe keeping * * * which is itself a source of general accommodation. These deposits are of immense consequence in the operation of a bank. Though liable to be redrawn at any moment, experience proves that the money so much oftener changes proprietors than places, and that what is

drawn out is generally so speedily replaced, as to authorize the counting upon the sums deposited, as an effective fund, which, concurring with the stock of the bank, enables it to extend its loans, and to answer all the demands for coin, whether in consequence of those loans, or arising from the occasional return of its notes."

Page 110.

"* * * this is of the properties of banks, to increase the active capital of a country."

Page 124.

"If the supposition of a deficiency (of money) be in any degree founded, and some aid to circulation be desirable, it remains to inquire what ought to be the nature of that aid."

NOTE:—The two short preceding statements of Hamilton are the key to his policy of the private control of the circulating medium by private banks. "It is of the properties of banks to increase capital" by means of credit money or in more correct phrasing, money substitute, and nothing is said of the power of Congress to coin our money. And when questions rise from the people or the government as to the possible deficiency, Hamilton's reply is *not that Congress shall see to it that Constitutional money is issued in sufficient amounts to meet the needs of business and the people*, but that "it remains to inquire what ought to be done in the nature of aid." Delay and endless inquiry are the rule of those who would defeat any action by government to control our money issuance. Why this delay and inquiry when the Constitution provides the necessary

machinery for sufficient currency. Of course, it is because private money lenders do not want the people and their government to have control over issuance of money without debt and interest. Money lenders live on interest.

“The emitting of paper money by the authority of the government is wisely prohibited to the individual States by the National Constitution; and the spirit of that prohibition ought not to be disregarded by the Government of the United States.”

“Though paper emissions, under a general (Federal) authority, might have some advantage not applicable (to State emissions), and be free from some disadvantages which are applicable to the like emissions by States, separately,—yet *they are of a nature so liable to abuse—and, it may be affirmed, so certain of being abused—that the wisdom of Government will be shown in NEVER TRUSTING ITSELF WITH THE USE OF SO SEDUCING AND DANGEROUS AN EXPEDIENT.*”

NOTE:—Pointing out the fraud of these arguments, it was one of the principles of the Colonial governments (even in that earliest Convention in Albany when the Colonies met to unite for protection, and peace with the Indians), as well as in the old Continental Congress and the Constitutional Convention, to create a uniform currency under Union authority, and discontinue the use of state power over issuing currency or emitting bills of credit.

The argument that because the States were not permitted to continue issuing money after the Federal Government was established, *as pointing to the same policy for the Federal Government, is not based on fact or on the*

Constitution, for the Constitution provides that the Congress SHALL have power to COIN MONEY.

Such arguments of Hamilton show either his complete lack of confidence in our Republican form of government, or else a clever trickery and sophistry of words to force the use of a foreign and usurious system of banking and private control of money issuance on the new government.

Also his statement that GOVERNMENT CANNOT BE TRUSTED TO USE ITS POWER TO ISSUE SUFFICIENT CURRENCY while private banks and money lenders can be so trusted is another proof of his well known monarchial and imperialistic sympathies, and his complete distrust of a people's government.

Page 125.

"Among other material differences between a paper currency, *issued by the mere authority of Government*, and *one issued by a bank* payable in coin (and that is not done) is this,—That in the first case (government issuance), there is no standard to which an appeal can be made, as to the quantity which will only satisfy, or which will surcharge the circulation; in the last (bank issuance of paper), that standard results from the demand."

NOTE:—Weasel words; the demand does not refer to the demands of business and the people but to the whim of private corporations. And that the government could have no standard of a nations currency needs is just so much bosh.

Hamilton's whole monetary policy is based on unconstitutional grounds and unsound reasoning, and fraudulent statements. His policies were fought through the whole public career of Franklin, Jefferson, Madison, Randolph

and many another truly great lover of Republican Government.

His policies have proved to be more destructive of our independent and democratic form of government than the old subjugation of the Colonies by Great Britain. The deliberations in Congress over Hamilton's Bank Bill, and the opinions of members of The Cabinet show the intensity of feeling between the private money interests and those supporting the Constitution. History records that the "money changers" have used every form of abuse, intrigue, deceit and violent means possible to maintain their control over governments by controlling the money and its issuance.

From *Writings of Madison*, previously quoted. Vol. 2, Page 14.

"The National Bank Bill was signed by President Washington Feb. 25th, 1791."

CHAPTER V

THE POLITICAL REVOLUTION OF 1800
and Jeffersonian Democracy

From *The American Nation History Series*, by E. Channing. Harpers, 1801 to 1811. Vol. 12, Page 9.*

"The new President (Jefferson) recognized in the great overturn of 1800, a revolution as important and far reaching in its consequences as that which began in 1775."

Page 11.

"A majority of the voters had now taken the government away from the Federalists and had entrusted it to the Republicans."

Page 4.

"President Jefferson was now fifty-eight years of age. He was tall—6 ft. 2½ in.—with red freckled face and loose shackling air. He appeared to an English observer to resemble a large boned farmer rather than the Chief Magistrate of a great nation. In manner he was shy and stiff. * * * One would scarcely have thought this loose-jointed man was the most astute political leader then living in the United States.

"Jefferson, in truth, was *an idealist* who was in politics from a sincere desire to *save the nation from those whom he termed MONOCRATS* (meaning those fa-

*The following quotation from *The American Nation History Series*, 1801, 1811, by E. Channing, published by Harpers Brothers, is used by permission and courtesy of Harpers Brothers Publishers, New York, London.

voring a monopoly) *and MONOPOLISTS* (the banking monopoly)."

JEFFERSON'S FIRST INAUGURAL ADDRESS (In Part)

From *Jefferson*, by Saul K. Padover. Harcourt, Brace & Co., N. Y. Page 293.*

"About to enter, fellow citizens, on the exercise of duties, which comprehend everything dear and valuable to you, it is proper that you should understand what I deem the essential principles of this government, and consequently those which ought to shape its administration.

"I will compress them in the narrowest compass they will bear, stating the general principles.

- 1.—Equal and exact justice to all men, whatever state of persuasion, religious or political.
- 2.—*Peace and commerce, and honest friendship with all nations; ENTANGLING ALLIANCE WITH NONE.*
- 3.—The support of the State Governments in all their rights, as the most competent administrations of our domestic concerns, and *the surest bulwarks against anti-Republican tendencies.*
- 4.—The preservation of the General Government, in its whole Constitutional vigor, as the sheet anchor of our peace at home, and safety abroad.
- 5.—A jealous care of the right of election by the people, a mild and safe correction of abuses *which are lopped by the sword of revolution when peaceable remedies are unprovided.*

*The following quotation from Jefferson by Saul K. Padover, published by Harcourt, Brace & Company, is used by the permission and courtesy of Harcourt, Brace & Co., Publishers, N. Y.

- 6.—Absolute acquiescence in the decisions of the Majority, the vital principles of republics, from which is no appeal but force, the vital principle and immediate parent of despotism.
- 7.—A well disciplined militia, our best reliance in peace, and for the first moments of war, till regulars may relieve them.
- 8.—The supremacy of the civil over the military authority.
- 9.—Economy in public expense, that labor may be lightly burdened.
- 10.—The honest payment of our debts, and sacred preservation of the public faith.
- 11.—Encouragement of Agriculture, and Commerce as its handmaid.
- 12.—Diffusion of information and arraignment of all abuses at the bar of the public reason.
- 13.—Freedom of religion, freedom of press and freedom of person, under protection of the Habeas Corpus.
- 14.—Trial by juries, impartially selected.

"These Principles form the *bright constellation which has gone before us, and guided our ship through an age of Revolution and Reformation.*

"THE WISDOM OF OUR SAGES, AND THE BLOOD OF OUR HEROES, have been devoted to their attainment; *they should be the Creed of our political faith, the Text of civil instruments, the Touchstone by which to TRY THE SERVICES OF THOSE WE TRUST.*"

Page 297.

"He (Jefferson) wished to strengthen the Republic and set it along a truly democratic course. He meant

to perpetuate the Constitution and the free institutions guaranteed by it. His *ideal was a Republic composed of small property owning citizens with a sense of civic responsibility and a decent regard for the rights of their neighbors.*"

LETTERS AND STATEMENTS OF THOMAS JEFFERSON

From *Life and Writings of Jefferson*. All his utterances on public questions from State Papers, and private correspondence. By L. E. Forman, Ph.D., John Hopkins. Published by Bobbs, Merrill Co., Indianapolis. Vol. 8, Page 437.

"Our first and fundamental maxim should be NEVER TO ENTANGLE OURSELVES IN THE TOILS OF EUROPE. Our second, NEVER TO SUFFER EUROPE TO INTERMEDDLE WITH CIC-ATLANTIC AFFAIRS."

From *Jeffersonian Cyclopedia*. Edited by John P. Foley. Funk & Wagnalls Co. Page 574, Par. 5395.

"A Letter to Comte de Moustier"

Ford Ed., Vol. 12, Page 1788

(In Part)

"Money is the agent by which modern nations will recover their rights."—Jefferson.

From *Life and Writings of Jefferson*, edited by L. E. Forman before cited. Page 239.

A Letter on Hamilton to George Washington, 1792

(In Part)

"That I have utterly, in my private conversations dis-

*The following quotation from *Jeffersonian Cyclopedia*, edited by John P. Foley, published by Funk & Wagnalls, is used by the courtesy of Funk & Wagnalls, Publishers, N. Y.

approved of the system of the Secretary of the Treasury, Alexander Hamilton, I acknowledge and avow; and this was not merely a speculative difference.

"His system flowed from *principles adverse to liberty* and *WAS CALCULATED TO UNDERMINE AND DEMOLISH THE REPUBLIC* by creating an influence in his department over the members of the Legislature. I saw this actually produced, and its first fruits to be the establishing of the great outlines of his project by the votes of the very persons who, *having swallowed his bait, were laying themselves out to profit by his plans*; and that had these persons withdrawn as those interested in a question ever should, the vote of the disinterested majority was clearly the reverse of what they made it.

"*These were no longer, then, the votes of the Representatives of the people, but DESERTERS from the RIGHTS and INTERESTS of the people.*"—

Jefferson.

NOTE:—The charter of the first United States Bank which was granted during Washington's first administration under the "Whip" of Alexander Hamilton would expire at the end of twenty years (1811), and Jefferson renews his attack on the institution as *unconstitutional, dangerous and unrepugnant*, early in his first administration. The following was written in 1803 to Jefferson's Secretary of the Treasury, Albert Gallatin.

Vol. 8, Page 146.

TO THE SECRETARY OF THE
TREASURY, U. S.

from PRESIDENT JEFFERSON, (1803)

"*This institution (The United States Bank) is one of the most deadly hostilities existing AGAINST THE*

PRINCIPLES AND FORM OF OUR CONSTITUTION.

"The nation is, at this time, so strong and united in its sentiments, that it cannot be shaken at this moment. But suppose a series of untoward events should occur sufficient to bring into doubt the competency of a Republican Government to meet a crisis of great danger, or to unhinge the confidence of the people in the public functionaries, an institution like this, *penetrating BY ITS BRANCHES EVERY PART OF THE Union, acting by command and in phalanx, may in a critical moment upset the government.*

"*I deem no government safe which is under the vassalage of any self-constituted authorities, or any other authority than THAT OF THE NATION, or its regular functionaries.*

"What an obstruction could not this bank of the United States with all its branch banks be in time of war? IT MIGHT DICTATE THE PEACE WE SHOULD ACCEPT OR WITHDRAW ITS AID. Ought we then to give further growth to an institution so powerful, so hostile? That it is hostile we know:

- 1.—From a knowledge of the principles of the persons composing the body of directors in every bank, principle or branches, and those of most of the stockholders;
- 2.—From their opposition to the measures and principles of government, and to the election of those friendly to them; and
- 3.—From the sentiments of the newspapers they support.

"Now, while we are strong, it is the greatest duty we have to the safety of our Constitution, *to bring this powerful enemy to a PERFECT SUBORDINATION UNDER ITS AUTHORITIES.*"

Note following solution of Jefferson in transferring the power of the private United States Bank to the Government.

"The first thing would be to reduce them to an equal footing only with other banks, as to the favors of the government. But *in order to be able to meet a general combination of the banks* against us, in a critical emergency, could we not make a beginning toward an independent use of our own money, towards holding in our own bank all the deposits where it is received, and letting the treasurer give his draft or note, for payment at any particular place, which, *in a well conducted government, ought to have as much credit as any private draft, or bank note, or bill, and would give us the same facilities which we derive from the banks.*"—Thomas Jefferson.

Page 241.

Letter to Albert Gallatin, Secy. Treasury, 1802

"Hamilton set out on a different plan. In order that he might have the entire government of his machine, he determined so to complicate it so that neither the President nor Congress should be able to understand it, or to control him. He succeeded in doing this, not only beyond their reach, but so that he, at length, could not unravel it himself.

"He gave to the debt, in the first instance, in funding it the most artificial and mysterious form he could devise. He then moulded up his appropriations of a number of scraps and remnants, many of which were nothing at all, and applied them to different objects in reversion and remainder, until the whole system was involved in impenetrable fog; *and while he was giving*

himself the airs of providing FOR THE PAYMENT OF THE DEBT, he left himself free TO ADD TO IT CONTINUALLY, as he did in fact, instead of paying it."

THOMAS JEFFERSON, *President of the U. S.*

From *The Jeffersonian Cyclopedia*, edited by John P. Foley, former citation.

Page 601, Par. 5620.

A Letter to Albert Gallatin, Oct., 1815

"Put down the banks, and if this country could not be carried through the longest war against her most powerful enemies, without ever knowing the want of a dollar, *without depression, and without dependence on THE TRAITOROUS CLASSES OF CITIZENS*, without bearing hard on the resources of the people, *or loading the public with an indefinite burthen of debt*, I know nothing of my countrymen.

"Not by any novel project, not by any charlatanerie, but by the ordinary and well experienced means; *BY TOTAL PROHIBITION of all private paper (bank notes) at all times, by reasonable Taxes in war aided by the necessary emissions of public paper of circulating size, this bottomed on special taxes redeemable annually as this special tax comes in, and finally paid within a moderate period."*

Page 601.

"National Currency, Bank Paper.—The question will be asked and ought to be looked at, what is to be the resource if loans cannot be obtained? There is but one 'Carthaga delenda est.' *Bank paper must be suppressed, and the circulating medium must be restored to the nation to whom it belongs.*

"It is the only fund on which they can rely for loans; *it is the only resource which can never fail them and it is an abundant one for every necessary purpose.* Treasury Bills, bottomed on taxes, bearing or *not bearing interest, as may be found necessary,* thrown into circulation will take the place of so much gold and silver, which last (hard money) when crowded will find an efflux into other countries, and thus keep the quantum of medium (currency) at its salutary level."

Page 604, Par. 5629.

To Thomas Cooper, 1814

"National Currency, Congressional Control.—From the establishment of the United States Bank, to this day, *I have preached against this system,* and have been sensible no cure could be hoped but in a catastrophe now happening. The remedy was to let banks drop gradually at the expiration of their charters and for the state governments to relinquish the power of establishing others. This would not as it should not, have given the power of establishing them to Congress. *But Congress could then have issued Treasury Notes payable within a fixed period, and funded on a specific tax, the proceeds of which as they came in, should be exchangeable for the Notes of that particular emission only.*"

Page 73, Par. 684.

To George Logan, Nov., 1816

(Ford Ed., Vol. X, Page 69)

"Banks, Aristocracy.—I hope we shall * * *

crush in its birth the aristocracy of our moneyed corporations, which dare already to challenge our govern-

ment to a trial of strength, *and bid defiance to the laws of our country.*"

Page 685.

To Dr. J. B. Stuart, 1817

(Ford VII, Page 64)

"The bank mania * * * *is raising up a moneyed aristocracy in our country which has already set the government at defiance, and although forced at length to yield a little on this first essay of their strength, their principles are unyielded and unyielding.*

*"These (principles) have taken deep root in the hearts of that class from which our legislators are drawn. * * * and thus, those whom the Constitution had placed as guards to its portals, are sophisticated, or suborned (perjury by bribes or persuasion) from their duties."*

Page 604, Par. 5627.

To Jean Baptiste Say, 1815

(Ford, Vol. VI, Page 434)

"The Government is now issuing Treasury Notes for circulation, bottomed on solid funds and bearing interest. *The banking confederacy—and the merchants bowed to them by their debts—will endeavor to crush the credit of these notes; but the country is eager for them, as something they can trust to, and as soon as a convenient quantity of them can get into circulation, the bank notes must die.*"

Page 605, Par. 5631.

To W. H. Crawford, Feb., 1815

"National Currency. Redemption. Treasury Notes

of small as well as high denomination, bottomed on a tax which would redeem them * * * *would place at our disposal the whole circulating medium of the United States, a fund of credit sufficient to carry us through any probable length of war."*

From *The Writings of Thomas Jefferson* published by order of the Joint Committee of the Library of Congress, H. A. Washington, before referred to. Vol. 7.

A LETTER TO DR. JOSEPHUS B. STEWART (In Part)

On copying British Commercial and Banking Policies

"I hope with you that the policy of our country will settle down with *as much navigation and commerce ONLY* as our own exchanges will require, and that the disadvantages will be seen of our undertaking to carry on that of other nations. This, indeed, may bring gain to a few individuals, and enable them to call off from our farms more laborers to be converted into *lackeys and grooms* for them, but it will bring *nothing to our country but WARS, DEBTS and DILAPIDATION.*

"*This has been the course of England, and her examples have fearful influence on us. IN COPYING HER (ENGLAND) WE DO NOT SEEM TO CONSIDER THAT LIKE PREMISES INDUCE LIKE CONSEQUENCES.*

"*The bank mania is one of the most threatening of these imitations. It is raising up a monied aristocracy in our country which has already set the government at defiance."*

NOTE:—The following is an interesting sidelight on

Jefferson's summing up of British national and international policy and relationship. It refers to the inclusion of Britain as one of the European powers to act as a "mandate over part of the south not yet a part of the United States" and still under partial control of European countries. What an indictment and how true!

"I exclude England from this confederacy, *because her selfish principles render her incapable of honorable patronage or disinterested co-operation*; unless, indeed, what seems now improbable, A REVOLUTION should restore to her an honest government, **ONE WHICH WILL PERMIT THE WORLD TO LIVE IN PEACE.**

—Thomas Jefferson.

A Letter to J. Adams, Esq.

(In Part)

"Nearly all of it (the circulating medium) is now called in by the banks, *who have the regulation of the safety valves of our fortunes, and who condense and explode them at will.*"

—Thomas Jefferson

A Letter to H. Nelson, Esq.

(In Part)

"This state is in a condition of unparalleled distress. *The sudden reduction of the circulating medium from a plethory to all but annihilation is producing an entire revolution of fortune.* * * * I have known lands sold by the sheriff for one year's rent. * * * I fear local insurrections against these horrible sacrifices of property."

—Thomas Jefferson

NOTE:—Following is a well known quotation:

"If the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers occupied. THE ISSUING POWER OF MONEY SHOULD BE TAKEN FROM THE BANKS AND RESTORED TO CONGRESS AND THE PEOPLE TO WHOM IT BELONGS. I sincerely believe the banking institutions are more dangerous to liberty than standing armies."

Thomas Jefferson

CHAPTER VI
SECOND EFFORT TO SUPPRESS
BANK POWER
EXPIRATION OF THE CHARTER
OF THE FIRST BANK OF THE
UNITED STATES
(1811)

From *The American Nation History Series*, by Channing. Harpers. Vol. 12, Page 230.*

"On March 4, 1809, cheered by 10,000 people
* * * Madison took the oath of office (of President of the United States) and delivered his inaugural address. In low tones he read his address, stating in brief:

- 1.—that he should follow the general outlines of policy which had been laid down by his predecessor (Jefferson),
- 2.—"To cherish peace and friendly intercourse with all nations having corresponding dispositions,
* * *
- 3.—to prefer in all cases amicable discussions and reasonable accommodation of differences to a decision of them by an appeal to arms; * * *
- 4.—to support the Constitution, which is the cement of the Union; * * *
- 5.—to respect the rights and authorities reserved to the states and to the people.' "

*The following quotation from *The American Nation History Series*, 1801-1811, by E. Channing, Vol. 12, published by Harpers Brothers, is used by permission and courtesy of Harpers Brothers Publishing Co., New York, London.

NOTE:—It was not possible for Madison to keep the peace, for the United States was attacked a second time by the British, burning the city of Washington and Capitol, and forcing the Government to flee from the city, bringing the nation into a dangerous state of confusion.

Page 266.

"The charter of the United States Bank expired by limitation in 1811, and Congress refused to recharter the old bank or to charter a new one.

"The opposition (of Congress) to a National Bank was based on the old Constitutional grounds which had been put forward by Jefferson at the time of the chartering of the first Bank of the United States.

"Another reason, it was stated, was that the bank stock was LARGELY HELD IN ENGLAND, it being a fact that the United States Government had disposed of its shares in the institution (bank) to English investors."

PRESIDENT MADISON'S VETO MESSAGE

(In Part)

On a Bank Bill

From *The Life & Writings of James Madison*, 1808–1819, by Gaillard Hunt. G. P. Putnam's Sons, New York & London. 1908. Vol. 8, Page 327.*

"Waiving the question of the Constitutional authority of the Legislature (Congress) to establish an incorporated bank * * * precluded in my judgment

*The following quotation from *The Life and Writings of James Madison*, edited by Gaillard Hunt, published by G. P. Putnam's Sons, is reproduced by permission of G. P. Putnam's Sons Publishing Co., New York, London.

by repeated recognitions * * * of the validity
 * * * in Acts of the Legislature, Executive and
 Judicial branches of government * *. * *THE PRO-
 POSED BANK DOES NOT APPEAR TO BE,*

- 1.—calculated to answer the purposes of reviving the public credit,
- 2.—of providing a national medium of circulation, and
- 3.—of aiding the Treasury by facilitating * * * anticipating of the revenues, and
- 4.—by affording to the public more durable loans."

"On the whole when it is considered *that the proposed establishment (bank) will*

- 1.—*enjoy a monopoly of the profits of a National Bank for a period of twenty years;*
- 2.—*that the monopolized profits will be continually growing with the progress of the national population and wealth;*
- 3.—*and that the nation will, during the same period, be dependent on the notes of the bank for the species of circulating medium whenever the precious metals may be wanted; and*
- 4.—*at all times (will the nation be dependent on the notes of the bank) for so much thereof as may be an eligible substitute for a specie medium; and*
- 5.—*and that the extensive employment of the notes (bank) in the collection of the augmented taxes will, moreover, enable the banks greatly to extend its profitable issues of them (bank notes) without the expense of species capital to support their circulation;*

it is as reasonable as it is requisite that the government, in return for these extraordinary concessions to the bank, *should have a greater security for attaining the public objects of the institution than is presented in this Bill * * *."*

From *The American Nation History Series* again, Vol. 13, by Kendrick Charles Babcock, Ph.D., President of the University of Arizona. Harpers, N. Y. and London. 1906. Page 9.*

NOTE:—The financial influences, mostly foreign, which had been the principle cause, according to Benjamin Franklin, of the Revolutionary War, and had imposed on the new U. S. Federal Government the U. S. Bank, now were determined to renew the Bank Charter. Not first successful, the disruption of the new government by the War of 1812, made the renewal of the Bank possible.

"Bills for the renewal (of the bank charter) were introduced independently in the Senate and in the House, and the speechmaking on an elaborate scale began."

" 'The power to charter companies' said Henry Clay, of Kentucky, 'is not specified in the grant (of powers in the Constitution), and I contend is of a nature not transferable by mere implication * * *. *Is it to be imagined that a power so vast would have been left by the wisdom of the Constitution to doubtful inference?*' "

NOTE:—The following quotation refers to the War of 1812, the burning of the Capitol by the British, the fleeing of the Government heads from Washington; and the general disruption of the country, and financial distress of that war. There is little doubt but that the financial monopolists have brought about wars when their control of the issuance of money is threatened. It was not a coinci-

*The following quotations from *American Nation History Series*, Vol. 13, by Kendrick Charles Babcock, published by Harpers Brothers, is used by permission and courtesy of Harpers Brothers Publishing Co., New York, London.

dence that the Revolutionary War took place after the British Empire was unable, after many years of effort, to control the Colonies by controlling their money; and it was not a coincidence that the War of 1812 was prosecuted against us after Congress had refused to renew the bank charter. Much of the bank stock had been bought up by England. It is pretty obvious from our history that the financial hierarchy of the world will go to war if necessary to gain control of money issuance, and they will do so to renew control, and to maintain control, regardless of how many wars it may take.

Page 220.

"It was in the midst of financial distress such as these that *the movement for a new National Bank gained headway.*"

Page 227.

"Opposition was unavailing * * * the (Bank) Bill passed the House. The Senate concurred. * * * President Madison * * * signed the Act, creating a new bank with 3½ times the capital of the first bank. * * * The Bill became law April 10th, 1816."

CHAPTER VII

THIRD FIGHT AGAINST BANK POWER

ANDREW JACKSON MAKES FIGHT
AGAINST RENEWING CHARTER OF
THE U. S. BANK

From *Reminiscences* (of Hamilton) by Colonel James A. Hamilton. Pages 149-31.

*Bank Clause in First Inaugural Address of
President Andrew Jackson*

"As the Charter of the Bank of the United States will expire in 1836, and its stockholders will most probably apply for a renewal of their privileges; in order to avoid the evils resulting from precipitancy in a measure involving such important principles and such deep pecuniary interests, I feel *that I cannot in justice to our constituents and to the parties interested too soon present it to the deliberate consideration of the Legislature and the people.*"

"The constitutionality of this law has been well questioned * * * because it grants to those who hold stock *exclusive privileges of a dangerous tendency*. Its expediency is denied by a large portion of our citizens * * * and it is believed none will deny that it has failed in the great end of our establishing a uniform and sound currency throughout the United States."

From *Correspondence of Andrew Jackson*, edited by John Spencer Bassett, Ph.D., of Smith College. Published by the Carnegie Institution of Washington, 1929-32. Vol. 4.*

NOTE:—The following "Opinion" of Jackson was written in his own hand writing, and in answer to E. Root who made a masterful address in the House of Representatives in favor of Rechartering the Bank, during House debate.

*Opinion on Bank by
President Andrew Jackson, Jan., 1832*

"The great point to be steadily kept in view is the establishment of the General Government and the Sovereign Powers granted to it by the People and the States.

- 1.—All sovereign power was in the people and the states.
- 2.—Where sovereignty is vested it cannot be divested but by express grant, therefore, as the General Government is based upon the Confederation of the Sovereign States, you must look into the Constitution for the grants of sovereignty made by the people inhabiting those sovereign states to find what portion of sovereign power has been granted to the General Government; *for, no sovereign power not expressly granted can be exercised by implication.*"

"Is the sovereign power to grant corporations expressly given to the General Government to be found in the Constitution? I answer, no. Therefore, as all powers granted are general and national, not local, or for local objects, and all powers not delegated * * * are retained to the states and to the people, a corporation or monopoly cannot be granted by Congress be-

*The following quotations from *Correspondence of Andrew Jackson*, edited by John Spencer Bassett, published by Carnegie Institution of Washington, D. C., are reproduced by the courtesy of the Carnegie Institution, Washington, D. C.

yond the limits of the ten mile square, *and it is fair to advert to the Journal of the Constitutional Convention to prove that the power to grant corporations in various ways was attempted to be introduced in the Constitution, AND WAS REJECTED IN EVERY FORM presented by the (Constitutional) Convention who framed it.*"

"It is, therefore, worse than idle to contend that Congress can have this sovereign power *by implication when it was rejected in the convention*, and when sovereign power can only be conveyed from one power to another by express grant."

"If it is true that necessity gives the power to Create Banks and corporation, it is true necessity creates its own law, but it must be a positive necessity, not a feigned one. * * * *The framers (of our Constitution) were too well aware of the corrupting influences of a great monied monopoly upon government to LEGALIZE SUCH A CORRUPTING MONSTER* by any grant either express or implied in the Constitution."

"Bank corporations * * * are brokers on a large scale, and could it be really urged that the framers of the Constitution intended that our Government should become a Government of brokers? If so, then the profits of the National Brokers Shop must enure to the benefit of the whole people, and not to a few privileged monied capitalists, to the utter rejection of the many."

Page 92.

*Letter from Sec'y of Treas. Ingram
to President Jackson
(In Part)*

NOTE:—Ingram who opposed Jackson, feared such a

message to Congress as the above and had written the following letter. The high-sounding oratory and glittering generalities of the letter fail to mention the great issue before the country. It is typical of the evasion of those who oppose the peoples' rights, and is intended to confuse the public on the main issue by fair words "under the specious appearance of public good, while the real aim is to sacrifice that to * * * private interests"—Benjamin Franklin's words. Ingram favored rechartering the United States Bank of private issue of our money, and a monopoly of that privilege. Later he resigned when Jackson reorganized his cabinet favorable to his bank policies.

"The essential objects of a national bank are to preserve a sound currency uniform throughout the United States by which taxes shall be collected as well as levied uniformly throughout the states. Unless such a currency can be substantially maintained the Constitution is violated, and it will be impossible for the Union to be preserved. In case of a great public exigency the people will submit to many grievances; but, such a grievance made permanent must dissolve the Union. * * * The Department which you have assigned to my charge should be able to sustain with success your administration, and that all its and your acts should be remembered and referred to by posterity as redounding to the happiness and safety and durability of the Republic."

Vol. 5, Page 192.

PAPER TO THE CABINET ON THE BANK

(In Part)

by President Jackson

(Summarized by Bassett)

"He (President Jackson) entertains * * * seri-

ous doubts whether it is possible to preserve that high degree of purity and simplicity which constitute the only sure foundation of Republican institutions from the corrupting influences of such an incorporation (the bank); and he is therefore strongly inclined to the opinion that, even in the absence of constitutional difficulty, the objections to it (the bank) arising from this source alone would more than counterbalance all the advantages which might be anticipated from the continuance of that which now exists."

"That allegations of the aristocratical tendencies of our institutions, and their progress, are often thrown out to promote selfish and sinister ends is quite probable; but it is not the less undeniable that such is the inherent vice of every political system, *and too much vigilance and self denial cannot be exercised to restrain the sinister aspirations of wealth, and check the growth of authority so unfriendly to liberal government and the just rights of the people.*"

"Reason suggests and experience confirms the position that nothing has a stronger tendency to engender an aristocratical spirit, or to sustain it when it has once acquired a foothold in a community, than extensive monied corporations with their appendages of exclusive privileges. The Divine Right of Kings, and the prerogative of authority of rulers have failed before the intelligence of the age. * * * *The mass of people have more to fear FROM COMBINATIONS OF THE WEALTHY AND PROFESSIONAL CLASSES—from an aristocracy which, through influence of riches and talents, insidiously employed, succeeds in preventing political institutions, however well adjusted, from securing the freedom of the citizen, and in establishing the most odious and oppressive govern-*

ment *UNDER THE FORMS OF A FREE CONSTITUTION.*"

"The misnamed American (banking) system is this British system of corrupt influence in Embrio. *A bank with power over currency and commerce; over people and their Representatives * * * may well be considered as forming a sure lodgment for a dangerous aristocratic influence in this country.*"

"*THE BANK OF THE UNITED STATES IS IN ITSELF A GOVERNMENT* which has gradually increased in strength from the day of its establishment. The question between it and the people *has become one of power*—a question which its adherents do not scruple to avow must ultimately be decided in favor of the bank. *Insulting to the country as this boast is, it is not altogether without foundation.* The Bank has by degrees, obtained almost entire domination over the circulating medium, and with it, power to increase or diminish the price of property and to levy taxes on the people in the shape of premiums and interest to an amount, only limited by the quantity of paper currency it is enabled to issue."

"But the greatest danger from the *VAST IRRESPONSIBLE POWER* concentrated in the hands of the President of the Board of Directors *is to be apprehended from the possible co-operation of the aristocracy of incorporated wealth with an official aristocracy, which, having succeeded in obtaining the administration of public affairs, might be disposed to increase and perpetuate its political power.*"

"It is a natural instinct of wealth and power to reach after new acquisitions, and to aid each other in removing all checks and obstacles devised by caution of enlightened communities to guard against their encroachment."

"It was to arrest them (encroachment of powers) that our Fathers periled their lives;—*to guard against them in all future time was their object in framing the system of Government which they devised for their posterity.* * * * BRIEF as has been the career of this Government, *its history already furnishes examples to confirm the experience of other Republics. Usurpation was attempted in its infancy, and the Bank, created as the instrument, was found to be a ready ally of those who then INVADDED THE PRINCIPLES OF THE GOVERNMENT.*"

Page 195.

"Upon the same principle that Congress has assumed power to create a corporation with a monopoly of all the Banking privileges which the Legislature could confer * * * it might have carried still further this principle * * * incorporated a company to take charge of our foreign affairs, our army and navy."

Bassett's "*Correspondence of Andrew Jackson*"

Vol. 4, Page 272.

PRESIDENT JACKSON RE-FORMING HIS CABINET

for Struggle Against the Bank

Letter to Hugh L. White, from Jackson,

Urging Him To Be Sec'y of War

(In Part)

"Had I time to bring to your view the circumstances with which I am surrounded, the necessity, from actual experience, of having men around me in whom I can confide, and particularly one to whom I can freely unbosom myself, I know you would yield to my wishes."

"The great principles of the democracy which we

have both at heart *to see restored to the Federal Government*, cannot be accomplished unless a united Cabinet will labor to this end. *The great struggle against rechartering the United States Bank is to be met. The corrupting influences of the Bank on the morals of the people and upon Congress are to be met and fearlessly met."*

"Many who you would not have supposed, have secretly enlisted in its ranks, and between bank men, nullifiers, * * * it is hard to get a Cabinet who will unite with me heart and hand in the great task of Democratic reform in the administration of Government. In this work if possible the Cabinet must be united, or the Executive, whilst laboring to effect it (bank reform), some one of the Cabinet may secretly be laboring with Congress to prevent it from being carried into execution."

Page 387.

Letter from Jackson to His Friend,

John Randolph, Jr., a Foreign Ambassador

"You have done me no more than justice when you repelled with indignation the declaration that I had changed my views on the Bank of the United States. Nothing more foreign to the truth could have been said. * * * As at present organized, I have uniformly on all occasions held the same language in regard to that institution, that is, *that it has failed to answer the ends for which it was created; and besides being unconstitutional, in which point of view no measure of utility could ever procure for it my official sanction, it is on the score of the expediency dangerous to liberty, and therefore, worthy of the denunciation which it has RECEIVED FROM THE DECIPLES OF THE OLD REPUBLICAN SCHOOL.*"

Vol. 5, Page 52.

A Letter from Jackson to Rev. Hardy M. Cryer,
Dated 4/7/1833
(In Part)

"The wicked projects of the leaders of nullification and secession are for the present, I think, effectually, and I hope forever, put down. But the coalition between Clay and Calhoun, and combined as it is, with a few nullifiers in Virginia, and Poindexter and his coadjutors in the south and south west, portends no good, but much evil if the people could be misled and become the dupes of their heresies and wicked designs. *The combination wields the United States Bank, and with its corrupting influence, they calculate to carry everything, EVEN ITS (U. S. Bank) RECHARTER BY TWO-THIRDS OF CONGRESS AGAINST THE VETO OF THE EXECUTIVE.* * * * I have no hesitation to say, *if they can recharter the Bank, with its hydra of corruption they will rule the nation, and its charter will be perpetual and its corrupting influence destroy the LIBERTY OF OUR COUNTRY.*" * * *

"It is believed that in the last two years it has loaned to members of Congress and subsidized presses, at least, one-half a million dollars, the greater part of which will be lost to the bank and stockholders. If such a corruption exists 'in the green tree, what will be in the dry!' "—Luke 23:31.

"But such have been the scenes of corruption in our last Congress that I loathe the corruption of human nature, and long for retirement and repose on the Hermitage. *But until I can strangle the hydra of corruption, the Bank, I will not shrink from my duty, or my part.*"

Page 148.

Letter to Andrew Jackson from United States
Attorney General Taney. Dated 8/5/1833
(In Part)

"My mind has for some time been made up, that the continued existence of *that powerful and corrupting monopoly (The United States Bank)* will be fatal to the liberties of the people, and that no man but yourself is strong enough to meet and destroy it, and if your administration closes without having established and carried into operation some other plan for collection and distribution of the revenue, the Bank will be too strong to be resisted by anyone who will succeed you."

"Entertaining these opinions I am prepared to hazard much, in order to save the people of this country from the shackles which a combined monied aristocracy is seeking to fasten upon them."

NOTE:—The following is the analysis of Jackson's great "Veto Message" by one of Jackson's biographers.

The Veto Message (in part) follows the analysis. It is one of the great American State papers, and one little known because of its opposition to the money monopoly and financial imperialism.

From *History of Andrew Jackson*, by August C. Buell. Scribners Sons, New York. 1904. Pages 264-5.*

*The following quotation from the *History of Andrew Jackson*, edited by August C. Buell, published by Charles Scribners Sons, is used by the permission and courtesy of Charles Scribners Sons, Publishers, N. Y.

ANALYSIS OF JACKSON'S VETO MESSAGE ON RECHARTERING THE UNITED STATES BANK

"The veto message was one of the longest ever sent to Congress by any President. It reviewed the bank from every point of contemplation. * * * Its substance had been prepared by the President in sections and paragraphs. Its law points were studied by Attorney General Taney and Edward Livingston. Its financial theories were scrutinized by Louis McLane, himself at heart a Bank man. Questions as to its public expediency, apart from Constitutional and technical considerations, were in the phraseology of the President himself."

"As a whole, it may be described as the joint product of the minds of Jackson, Benton, Livingston, Taney, grouped into literary symmetry by William B. Lewis, Francis Blair, and Amos Kendall—than whom three cleverer writers were not to be found."

"It was a document not only for its own time and place but for ALL HISTORY. It not only stated the President's objections to the Bill before him, but it crystalized for all time all arguments that should be offered against lending the fiscal power and resources of the United States to the use and behoof of any chartered monopoly whatsoever."

"Its tone was moderate, its temper unruffled, its style lofty, its diction clear, dignified and forceful."

Page 314.

"Jackson, conscientiously and on fundamental principles, believed *it was wrong to LEND THE FINANCIAL POWER AND RESOURCES OF THE*

COUNTRY TO ANY CHARTERED MONOPOLY WHATSOEVER ON ANY TERMS IMAGINABLE."

From a *Compilation of The Messages and Papers of the Presidents*, by James D. Richardson, a Representative from the State of Tennessee. Published by the authority of Congress, 1900. Vol. 2, Pages 576 to 591.

PRESIDENT JACKSON'S VETO MESSAGE,
1832, ON RECHARTERING THE
UNITED STATES BANK BILL
(In Part)

Washington, July 10, 1832. To the Senate

"The Bill 'To Modify and Continue' the act entitled 'An Act to incorporate the subscribers to the Bank of the United States' was presented to me on the 4th of July, instant."

"Having considered it with that solemn regard to the principles of the Constitution which the day was calculated to inspire, and come to the conclusion that *it ought not to become a law*, I herewith return it to the Senate, in which it originated, with my objections."

"A bank of the United States is in many respects convenient for the Government and useful to the people. Entertaining this opinion and deeply impressed with the belief *that some of the powers and privileges possessed by the existing bank are unauthorized by the Constitution, subversive to the rights of the States, and dangerous to the liberties of the people*, I felt it my duty at an early period of my Administration to call the attention of Congress to the practicability of organizing an institution combining all its advantages and obviating these objections. I sincerely regret that

in the Act before me I can perceive none of those modifications of the bank charter which are necessary, in my opinion, to make it compatible with justice, with sound policy, or with the Constitution of our country."

"The present corporate body, denominated the President, Directors, and Company of the Bank of the United States, will have existed at the time this act is intended to take effect, twenty years. It enjoys an exclusive privilege of banking under the authority of the General (Federal) Government, monopoly of its favor and support, and, as a necessary consequence, almost a monopoly of the foreign and domestic exchange."

"Every monopoly and all exclusive privileges are granted at the expense of the public, which ought to receive a fair equivalent. The many millions which this act proposes to bestow on the stockholders of the existing bank must come directly out of the earnings of the American people. * * * It is not conceivable how the present stockholders can have any claim to special favor of the Government. The present corporation has enjoyed its monopoly during the period stipulated in the original contract."

"It (the Act) seems to be predicated on the erroneous idea that the present stockholders have a prescriptive right to not only the favor but TO THE BOUNTY OF GOVERNMENT. It appears that more than a fourth part of the stock is held by foreigners and the residue is held by a few hundred of our own citizens, chiefly of the richest class. For their benefit does this Act exclude the whole American people from competition in the purchase of this monopoly, and dispose of it for many millions less than it is worth."

"It has been urged as an argument in favor of re-

chartering the present bank that the calling in its loans will produce great embarrassment and distress. The time allowed to close its concerns is ample, and if it has been well managed its pressure will be light, and heavy only in case its management is bad. If, therefore, it shall produce distress, the fault will be its own, *and it would furnish a reason against renewing a power which has been so obviously abused.*"

"But will there ever be a time when this reason will be less powerful? To acknowledge its force is to admit that the bank ought to be perpetual, and as a consequence the present stockholders and those inheriting their rights as successors *be established a privileged order, clothed both with great political power and ENJOYING IMMENSE PECUNIARY ADVANTAGES FROM THEIR CONNECTION WITH GOVERNMENT.*"

"Modifications of the existing charter proposed by this Act, are not such, in my view, as make it consistent with the rights of the States or the liberties of the people. * * * All the objectionable principles of the existing corporation, and most of its odious features, are retained without alleviation. * * * Its stock is constantly passing out of the country. * * * Is there no danger to our liberties and independence in a bank that in its nature has so little to bind it to the country? The President of the bank has told us that most of the state banks exist by its forbearance. Should its influence become concentrated, as it may, under the operation of such an act as this, in the hands of a self-elected directory whose interests are identified with those of the foreign stockholders, WILL THERE NOT BE CAUSE TO TREMBLE FOR THE PURITY OF OUR ELECTIONS IN PEACE, AND FOR THE INDEPENDENCE OF OUR COUN-

TRY IN WAR? Their power would be great whenever they might choose to exert it. * * * If any private citizen or public functionary should interpose to curtail its powers or prevent a renewal of its privileges, it can not be doubted that he would be made to feel its influence."

*"Should the stock of the bank principally pass into the hands of the subjects of a foreign country, and we should unfortunately become involved in war with that country, what would be our condition? * * * All its operations * * * would be in aid of the hostile fleets and armies without."*

"CONTROLLING OUR CURRENCY, RECEIVING OUR PUBLIC MONIES AND HOLDING THOUSANDS OF OUR CITIZENS IN DEPENDENCE, IT WOULD BE MORE FORMIDABLE AND DANGEROUS THAN THE NAVAL AND MILITARY POWER OF THE ENEMY."

"It is maintained by advocates of the Bank that its Constitutionality in all its features ought to be considered as settled by precedent and by the decisions of the Supreme Court. To this conclusion I can not assent. Mere precedent is a dangerous source of authority, and should not be regarded as deciding questions of Constitutional power *except where the acquiescence of the people and the States can be considered as well settled*. So far as this being the case on this subject, *an argument against* the bank might be based on precedent.

One Congress in 1791, decided in favor of a bank. Another Congress in 1811, decided against it. One Congress in 1816, decided against a bank. Another in 1816, decided in favor.

"Prior to the present Congress, therefore, the precedents drawn from that source were equal. If we resort to the States, the expressions of Legislative, Judicial and Executive opinions against the bank have been probably to those in its favor as 4 to 1. There is nothing in precedents, therefore, which, if its authority were admitted, ought to weigh in favor of the act before me.

"It is maintained by some, that the bank is *a means of exercising the Constitutional power 'to coin money and regulate the value thereof.'* CONGRESS HAS ESTABLISHED A MINT TO COIN MONEY AND PASSED LAWS TO REGULATE THE VALUE THEREOF. THE MONEY SO COINED WITH ITS VALUE SO REGULATED, and such foreign coins as Congress may adopt, ARE THE ONLY CURRENCY KNOWN TO THE CONSTITUTION.

"But if they (Congress) have the power to regulate the currency; IT WAS CONFERRED TO BE EXERCISED BY THEMSELVES, AND NOT TO BE TRANSFERRED TO A CORPORATION (or individuals.)"

"If the bank be established for that purpose with a charter unalterable without its consent, Congress have parted with its power for a term of years, DURING WHICH THE CONSTITUTION IS A DEAD LETTER."

"It is neither necessary nor proper to transfer its legislative power to such a bank, and therefore Unconstitutional."

"It is to be regretted that the rich and powerful too often bend the acts of Government to their selfish purposes. Distinctions in society will always exist under every just government. Equality of talents, of educa-

tion, or of wealth can not be produced by human institutions. In the full enjoyment of the gifts of Heaven and the fruits of superior industry, economy and virtue, every man is equally entitled to protection by law; BUT WHEN THE LAWS UNDERTAKE TO ADD TO THOSE NATURAL AND JUST ADVANTAGES, ARTIFICIAL DISTINCTIONS, *to grant titles, gratitudes, or exclusive privileges, to make the rich richer and the potent more powerful*, the humble members of society—the farmers, mechanics and laborers—who have neither the time nor means of securing favors to themselves, *have a right to complain of the injustice of their government.*”

“*There are NO NECESSARY EVILS IN GOVERNMENT.* Its evils exist only in its abuses. If it could confine itself to equal protection, and, as Heaven does its rain, shower its favors alike on the high and the low, the rich and the poor, it would be an unqualified blessing. *In the Act before me there seems to be a wide and unnecessary departure from these just principles.*”

“Nor is our Government to be maintained or our Union preserved by invasions of the rights and powers of the several States. In thus attempting to make our General (Federal) Government strong we make it weak. ITS TRUE STRENGTH CONSISTS IN LEAVING INDIVIDUALS AND STATES AS MUCH AS POSSIBLE TO THEMSELVES—IN MAKING ITSELF FELT, NOT IN ITS POWER, BUT IN ITS BENEFICENCE; not in its control but in its protection; *not in binding the States more closely to the center, but leaving each to move unobstructed in its proper orbit.*”

“Experience should teach us wisdom. Most of the difficulties our Government now encounters, and most

of the dangers which impend over our Union have sprung from an abandonment of the legitimate objects of Government by our National Legislature **AND THE ADOPTION OF SUCH PRINCIPLES AS ARE EMBODIED IN THIS (Bank) ACT.**"

"Many of our rich men have NOT been content with equal protection and equal benefits, but have besought us to make them richer by acts of Congress. By attempting to gratify their desires we have in the results of our legislation arrayed section against section, interest against interest, and man against man, in a fearful commotion which threatens to shake the foundations of our Union. It is time to pause in our career to review our principles, and, if possible, to revive that devoted patriotism and spirit of compromise which distinguished the Sages of the Revolution and the Fathers of the Union."

"If we cannot at once, in justice to interests invested under IMPROVIDENT LEGISLATION, make our Government what it ought to be, we can, at least, TAKE A STAND AGAINST ALL NEW GRANTS OF MONOPOLIES AND EXCLUSIVE PRIVILEGES (such as rechartering the U. S. Bank, a private bank of issue) against any prostitution of our Government to the advancement of the FEW at the expense of the many, and in FAVOR OF COMPROMISES AND GRADUAL REFORM IN OUR CODE OF LAWS AND SYSTEM OF POLITICAL ECONOMY."

"I have now done my duty to my country (in vetoing this measure). If sustained by my fellow citizens (and Congress) I shall be grateful and happy. If not, I shall find in the motives which impell me, ample grounds for contentment and peace. In the difficulties which surround us and *the dangers which threaten our*

Institutions there is cause for neither dismay nor alarm. For relief and deliverance let us firmly rely on that kind Providence which I am sure watches with peculiar care over the destinies of our Republic, and on the intelligence and wisdom of our countrymen. Through His abundant goodness and their patriotic devotion our liberty and Union will be preserved."

PRESIDENT ANDREW JACKSON'S
FINAL MESSAGE

(In Part)

March 4, 1837

From *Richardson's Messages*, quoted before. Vol. 4, Page 1523.

"The distress and alarm which pervaded and agitated the whole country when the Bank of the United States waged war upon the people in order to compel them to submit to its demands cannot yet be forgotten. The ruthless and unsparing temper with which whole cities and communities were oppressed, individuals impoverished and ruined, and a scene of cheerful prosperity suddenly changed into one of gloom and despondency ought to be indelibly impressed on the memory of the people of the United States."

"If such was its power in a time of peace, what would it not have been in a season of war, with an enemy at your doors? No nation but the freemen of the United States could have come out victorious from such a contest; yet, if you had not conquered, the government would have passed from the hands of the many to the hands of the few, and *this organized money power*, from its secret conclave, *would have dictated the choice of your highest officials and compelled*

you to make peace or war, as best suited their own wishes."

"The forms of your (democratic) government might for a time have remained, but its **LIVING SPIRIT WOULD HAVE DEPARTED FROM IT.**"

"The distress and sufferings inflicted on the people by the Bank are some of the fruits of that system of policy *which is continually striving to enlarge the authority of the Federal Government beyond the limits fixed by the Constitution.*"

"The powers enumerated in that instrument do not confer on Congress the right to establish such a corporation as the Bank of the United States, and the evil consequences which followed may warn us of the danger of departing from the true rule of **CONSTRUCTION**, and of permitting temporary circumstances or the hope of better promoting the public welfare to influence in any degree our **DECISIONS UPON THE EXTENT OF THE AUTHORITY OF THE GENERAL (Federal) GOVERNMENT.**"

"Let us abide by the Constitution as it is written, or amend it in the Constitutional mode if it is found to be defective."

"The severe lessons of experience will, I doubt not, be sufficient to prevent Congress from again chartering such a monopoly, even if the Constitution did not present an insuperable objection to it."

NOTE:—Unfortunately Jackson's prophecy was not fulfilled for Congress created another private bank of issue during the Civil War when Lincoln said that his greatest enemies were not the southern leaders but the Wall Street bankers, and for the sake of unity he signed The National Banking Act. The International Bankers saw to that.

"But you must remember my fellow citizens, that *eternal vigilance by the people is the price of liberty, and that you must pay the price if you wish to secure the blessing.*"

Page 1526.

"It is from within, among yourselves—from cupidity, from corruption, from disappointed ambitions, and inordinate thirst for power—that factions will be formed and liberty endangered. It is against such designs, whatever disguise the actors assume, that you have especially to guard yourselves."

"You have the **HIGHEST HUMAN TRUST COMMITTED TO YOUR CARE.** Providence has showered on this favored land blessings without number, and has chosen you **AS THE GUARDIANS OF FREEDOM, TO PRESERVE IT FOR THE BENEFIT OF THE HUMAN RACE.**"

"May He who holds in His hands the destinies of nations make you worthy of the favors He has bestowed, and enable you, with pure hearts and clean hands and sleepless vigilance, to *guard and defend to the end of time the GREAT CHARGE HE HAS COMMITTED TO YOUR KEEPING.*"

CHAPTER VIII

GOVERNMENT MONETARY POLICIES AND LAWS DURING LINCOLN'S ADMINISTRATION

NOTE:—Probably the two men largely responsible for our money monopoly, and private control of money issuance, and regulation of amount, are Lincoln's Secretary of the Treasury, Chase, and John Sherman. As Secretary of the Treasury during the Civil War, Chase initiated at the instigation of the banking interests the "old world" system of usury and government subservience to the money power. As the following will show he was Lincoln's worst enemy, and history reveals that he really despised Lincoln as a man unfit for the position he held; Chase considered himself superior and made his plans to take Lincoln's place as President. He only accepted Lincoln's National Monetary Policy early in the Civil War when the Treasury was empty, as a temporary necessity, but consistently opposed Lincoln's monetary policy and cooperated with the big banking interests to enslave the nation to the debt money of private corporations and banks. As records show John Sherman engineered through Congress much monetary legislation—by subtle means—that gave the financial powers gradual control of our money issuance and regulation of amount and value.

From *American Nation History Series*, 1861–1863. Hosmer. Vol. 20, Page 168.*

*The following quotations from *The American Nation History Series*, 1861–1863, Vol. 20, by Hosmer, published by Harpers Brothers, is used by permission of Harpers Brothers Publishing Co., New York, London.

The following shows the refusal of Congress to accept Secretary of the Treasury Chase's financial leadership in financing the Civil War, and the method they used to prevent Chase's scheme to make the "greenback currency" issued by the Government, Constitutionally, unworkable by making it redeemable in coin only, and also by not making it Legal Tender for all public and private debts which would, of course, have depreciated Treasury Notes.

"Since Chase's estimates were proving entirely untrustworthy and his expedients for meeting the requirements inadequate (for financing the Civil War) the House (of Representatives), not unnaturally, neglected what now he had to offer * * *. The matter was referred to a subcommittee, of which Elbridge G. Spaulding of New York, was Chairman, who presently *reported a Bill which resulted in the very memorable Act of February 25th, 1862, a LANDMARK IN THE HISTORY OF AMERICAN FINANCE.*"

"The Bill authorized (among other things) the issue of \$150,000,000 in Legal Tender United States Notes."

NOTE:—Secretary of the Treasury Chase, in a letter to Elbridge G. Spaulding, writes, January 29, 1862. (In part.)

"The provision making United States Notes Legal Tender has doubtless been well considered by the committee, and their conclusions need no support from any observation of mine. I think it my duty, however, to say, that in respect to this provision my reflections have conducted me to the same conclusions they have reached. It is not unknown to them, that *I have felt*
* * * *a great aversion to making anything but*

*COIN a legal tender in payment of debt. It has been my anxious wish to avoid the necessity of such legislation. It is, however, at present impossible, in consequence of the large expenditure entailed by the war, * * * to procure sufficient coin for disbursements; and it has, therefore, become indispensably necessary that we should resort to the issue of United States Notes."*

—Secretary of Treasury Chase

NOTE:—The above quote from Chase is about the best argument possible for the government to issue money. If we have everything necessary for the prosecution of war, and also for the prosperity of our nation in peace, then what possible reason can there be for not issuing the needed money? Whether it be for the winning of a war or the peaceful pursuits of the nation, we are financially strong only when our Government assumes its Constitutional power to issue money in sufficient amounts to utilize the nation's wealth. However, when Government issues its money, interest and debt free, there is no need of borrowing from great financial interests, and *since usurers live by their usury, they use every device within the mind of crafty men to defeat any legislation that denies them their extortion, even **THOUGH IT LEADS NATIONS INTO DEBT ENSLAVEMENT, MONEY FAMINE, PANICS AND WARS.***

Quoting again from *American Nation History Series*, 1861-1863, by Hosmer. Vol. 20, Page 169.

"* * * John Sherman of Ohio, in the Senate, advocated the measure (greenback bill); it could not be harmful; it was a mere temporary expedient; it was absolutely necessary."

"With modifications, the Act passed the House—

93 to 59; * * * the Senate, out of 37—7 opposed."

"*Chase reluctantly acquiesced*, and, following further in the path which had been entered, demanded within three months another issue of \$150,000,000 to meet the stress; this, too, Congress granted, July 11th, 1862; and in the succeeding session, as we shall see, (Congress) responded to similar demands to the Secretary (of the Treasury) with equal readiness."

ANNUAL MESSAGE TO CONGRESS

Dec. 1, 1862

(In Part)

From *Works of Abraham Lincoln*, Federal Edition. Vol 6. Edited by Arthur Brooks Lapsley. G. P. Putnam's Sons Publishers.*

Page 186.

"* * * and it is extremely doubtful whether a circulation of United States Notes payable *in coin and sufficiently large for the wants of the people can be permanently, usefully and safely maintained.*"

—Abraham Lincoln

NOTE:—*Lincoln was not misled by the orthodox philosophy of the money lenders that the small amounts of gold, silver and hard money should be used to redeem the United States Notes which had to be issued in sufficient amounts to carry on THE WAR AND NATIONAL EXPENSES.* And Lincoln hated debts; he had suffered

*The following quotation from *The Works of Abraham Lincoln*, Federal Edition, Vol. 6, edited by Arthur Brooks Lapsley, published by G. P. Putnam's Sons, is used by the permission and courtesy of G. P. Putnam's Sons Publishing Co., New York, London.

most of his life because of them, and he did not want the United States Government handicapped and limited in its power to issue sufficient money because of a hard money base, so that borrowing from financial tycoons with a huge debt and interest account accruing would be the only means of supplying the nation with a sufficient amount of medium of exchange to meet the expenses of the government and the people. *Lincoln wanted not only free black men; but he wanted white men also free—free from the bondage of debt and usury.*

From Emil Ludwig's *Lincoln*. Translated from the German by Eden & Cedar Paul. Little, Brown & Company, Boston. 1930. Page 448.*

"My dear Colonel Dick:

"I have long determined to make public the origin of the greenback and tell the world that it is Dick Taylor's creation. You have always been friendly to me, and when troublous times fell on us, and my shoulders, though broad and willing, were weak, and myself surrounded by such circumstances and such people that I knew not whom to trust, then I said in my extremity; 'I will send for Colonel Taylor; he will know what to do.' I think it was in January, 1862, on or about the 16th, that I did so. You came and I said to you: 'What can we do?' Said you: '*Why, issue treasury notes bearing no interest, printed on the best banking paper. Issue enough to pay off the army expenses and declare it legal tender.*' "

"Chase thought it a hazardous thing, but we finally accomplished it and *gave the people of this Republic*

*The following quotation from Emil Ludwig's *Lincoln*, translated from the German by Eden and Cedar Paul, 1930, and published by Little, Brown & Co., Boston, is reproduced by the permission and courtesy of Emil Ludwig.

the GREATEST BLESSING THEY EVER HAD—THEIR OWN PAPER TO PAY THEIR OWN DEBTS. It is due to you, the father of the present greenback, that the people should know it, and I take great pleasure in making it known."

"How many times have I laughed at your telling me plainly that I was too lazy to be anything but a lawyer?"

"Yours truly,

"Abraham Lincoln."

LINCOLN'S MESSAGE, DEC., 1861 (In Part)

From *Life of Abraham Lincoln with his Messages, Proclamations, Letters, Etc.* By Joseph H. Barrett, Commissioner of Pensions. Moore, Wiltach & Baldwin Publishers, 25 W. 4th St., Cincinnati. 60 Walkes St., New York. 1865.

Page 309.

NOTE:—I quote from the message of Dec., 1861, not purely on Lincoln's monetary policy, as showing his great understanding of what democracy really is, and in consequence his application of democracy to money—*subservience of capital and money to the wealth produced by the people.*

"It continues to develop that the insurrection is largely, if not exclusively, *a war upon the first principles of popular government—the rights of the people.* Conclusive evidence of this is found in the most grave and maturely considered public documents, as well as in the general tone of the insurgents."

"In these documents we find the abridgment of the existing right of suffrage, and the denial to the people of all right to participate in the elections of public offi-

cials, except the legislative, boldly advocated, with labored arguments to prove that large control by the people in government is the source of all political evil."

"Monarchy itself is sometimes hinted at as the possible refuge from the power of the people."

"In my present position I could scarcely be justified were I to omit raising a warning voice against this approach of returning despotism."

"It is *the effort to place capital on an equal footing with, if not above, labor, in the structure of government.* It is assumed that labor is available only in connection with capital—that nobody labors unless somebody else owning capital, **SOMEHOW BY USE OF IT, INDUCES HIM TO LABOR.**"

"*This assumed, it is next considered whether it is best that capital shall hire laborers, and thus induce them to work by their consent, or buy them and drive them to it without their consent.* Having proceeded so far, it is naturally concluded that all laborers are either hired laborers or what we call slaves. And further, it is assumed that whoever is once a hired laborer is fixed in that condition for life."

"Labor is prior to and independent of capital. *Capital is only the fruit of labor,* and **COULD NEVER HAVE EXISTED IF LABOR HAD NOT FIRST EXISTED. LABOR IS THE SUPERIOR OF CAPITAL AND DESERVES MUCH THE HIGHER CONSIDERATION.**"

PROCLAMATION OF LINCOLN

Sept. 24, 1862

(In Part)

Page 423.

"The suspension of specie payments of the banks,

soon after the commencement of your last session (of Congress) *made large issues of United States Notes unavoidable. In no other way could the payment of the troops, and the satisfaction of other just demands, be so economically, or so well provided for.*"

"The judicious legislation of Congress, securing the receivability of these notes for loans and internal duties, and making them Legal Tender for other debts, has made them an universal currency; AND HAS SATISFIED THE * * * LONG FELT WANT OF AN UNIFORM CIRCULATING MEDIUM, *SAVING THEREBY TO THE PEOPLE IMMENSE SUMS.*"

BANKING INTERESTS ORGANIZE AGAINST NATIONAL CURRENCY

From *Real Money versus False Money—Bank Credits*, by T. Cushing Daniel. Published by The Monetary Educational Bureau, Washington, D. C. Page 43.

NOTE:—Thaddeus Stevens, known as "The Great Commoner," friend of Lincoln and Chairman of the Ways and Means Committee of the House, and in charge of the Legal Tender ("greenback") Bill, in closing the debate before the Bill was passed, said:

"We believe that the credit of the country will be sustained by it, that under it all classes will be paid in money which they can use, and that it will *confer no advantages on the capitalist over the poor laboring man.* If this Bill shall pass, I shall hail it as the most auspicious measure of this Congress; if it shall fail, *the result will be more deplorable than any disaster which could befall us.*"

Continuing from Above Book. Page 43.

"This was an honest attempt to establish an American Money system as provided in the Constitution, and issue full legal tender dollars as the currency of the people of the United States."

"The Bill was no sooner made public than *an organized effort was made by the moneyed interests, represented by the Bankers of New York, Boston and Philadelphia, to kill it.* * * * These bankers organized themselves into a delegation, hurried to Washington, organized their forces in a formal manner and invited 'The Finance Committee of the Senate' and the 'Committee of Ways and Means of the House' to meet in the office of the Secretary of the Treasury of the United States, January 11th, 1862."

"The meeting was held and they entered their vigorous protest against the Bill and *submitted their own plans as a substitute.*"

NOTE:—Here is an example of the power of banking interests to take away from the Representatives of the people the law creating power Congress is elected to use for the people who elect them to office. This super-government is, of course, Unconstitutional, and is un-American in its indirect control and substitution of Government. The bankers' plan to usurp the power of issuing money is stated further on in contrast to Lincoln's plan for a Constitutional National Currency.

Pages 44, 45.

"The bankers' delegation remained in Washington several days *and went into FURTHER CONSULTATION WITH SECRETARY CHASE*, which resulted in an AGREEMENT WITH HIM that Congress

should be urged to *pass the National Bank Bill*, and that the amount of the demand notes already issued by the Secretary of the Treasury (in other words Lincoln's Constitutional money) should not be increased beyond the \$50,000,000 authorized by the Act of July, 1861, and also that Congress should be urged to *extend the provisions of the existing loan Act* so as to enable the Secretary of the Treasury to *EXCHANGE INTEREST BEARING TREASURY NOTES for the DEMAND NOTES NOT BEARING INTEREST* (greenbacks), and get them (Lincoln's National currency) out of the way."

NOTE:—This "agreement with Chase" to set up The National Bank Act was the beginning of complete control of our money issuance, by the banks.

From *Abraham Lincoln: The War Years*, by Carl Sandburg. Harcourt, Brace & Co., New York.

Vol. 2, Page 171 and Following.

Lincoln Faces the Wrath of the Bankers

"At that time, in 1862, Lincoln had come one late afternoon into the room of the Register of the Treasury, L. E. Chittenden. As that official told it Lincoln 'dropped wearily into a seat,' and after a short silence asked about the recent paper money put into circulation by the Government."

'What have you to say about this Legal Tender Act? *Here is a committee of great financiers from the great cities who say, by approving this Act, I have wrecked the country. They know all about it—or they are mistaken.*'

"The Government, by its declaration that its greenbacks would be full payment, legal tender, for ALL DEBTS, had made trouble for the bankers, bondholders, and the creditor class. Their money was becoming cheapened by the issue of \$100,000,000 of greenbacks."

NOTE:—The hue and cry that greenbacks were the cheap money seems to be disavowed by this statement, for the Government National currency had cheapened the private bank money. Just another scarecrow to keep the usurers in control of money issuance.

"Chittenden replied to Lincoln:

'The time for argument is passed. *Legal Tender is inevitable. THE GENTLEMEN YOU MENTION HAVE MADE IT A NECESSITY.* The people would take our notes without the Legal Tender clause. The banks and copperheads will not. *We cannot risk the country in their hands.*

'You have followed your own good judgment in signing the Act. The people will sustain you, and Secretary Chase, and Congress.'

"Lincoln went on:

'I do not see that I am exclusively responsible. I say to these gentlemen, "Go to Secretary Chase; he is managing the finances." They persist, and *have argued me almost blind.—I am worse off than St. Paul. He was in a strait between two. I am in a strait between twenty, and they are bankers and financiers.*

"'You were right in signing the Act. That point has passed debate.'"—Chittenden.

ANALYSIS OF LINCOLN'S MONETARY POLICY AS OPPOSED TO BANKING INTERESTS' PLAN

From *The Conquest of Poverty*, by Gerald G. McGeer, M. P., Canada. The Garden City Press, Gardenvale, Quebec, Canada.*

Pages 167-8.

"* * * Lincoln was of the school of enlightened political understanding which had existed in the United States ever since Jefferson and his associates *had reserved in the Constitution the right to issue currency to the National Government*, a right which many believe cannot be lawfully delegated to a private monopoly."

"At the outset of Lincoln's administration he faced the fact that *under private control of credit the Government was UNABLE TO FINANCE THE EXPENSE OF MAINTAINING THE NATIONAL LIFE OF THE REPUBLIC.*"

"Thus, * * * in the midst of Civil War * * * Lincoln was confronted with a failure of the private money system, and a shortage of money in the nation, a situation identical with the one that confronted all nations in 1914, and almost identical with the one that Franklin D. Roosevelt met on the day of his inauguration as President, seventy years after Lincoln's death."

"*Lincoln, however, did not hesitate to act.* Seizing the opportunity, his forces presented a Bill to Congress making United States Notes full Legal Tender for the

*The following quotations from *The Conquest of Poverty*, by G. G. McGeer, M. P. Senate, Canada, published by The Garden City Press, Gardenvale, Que., is reproduced here by the permission and courtesy of the author, G. G. McGeer.

purpose of placing the Government in a position to create and issue the money necessary to finance the needs of the nation."

Page 171.

"Lincoln believed that the spending power of Government and the buying power of the consumers could and should be created and issued by the State *free from 'interest, discounts and other charges' imposed as the profit of the private money system.* Lincoln's monetary program offered the means of paying the debts and current expenses of government *without profit to the bankers and without disaster to the taxpayers.*"

Page 172.

"Quite naturally, the bankers opposed Lincoln's 'National currency program,' for under it *he proposed to take away from the bankers the PRIVILEGE OF ISSUING AN EFFECTIVE SUBSTITUTE FOR MONEY.*"

Page 174.

*The Bankers' Plan To Control
The Issuance of Our Money*

"The bankers' plan of controlling money was for the government * * * to farm out its powers to issue money to the bankers. Having thus lost its power to issue money, the government would be reduced to the position of a perpetual borrower at interest from a private monopoly which secured its power to issue a **SUBSTITUTE FOR MONEY FROM THE GOVERNMENT.**"

"The Government interest-bearing bonds (under the bankers' plan) were to take the place of gold as a basic security for private bank note currency and bank deposits. In this way government bonds were to be used as the basis of bank credit."

Page 175.

"* * * circulars (of the bankers) contained the statement, that '*the control of labor and wages can be attained by controlling the money.*' This, in turn, was to be achieved by recognizing *war as the means of putting government permanently in debt.*"

Page 176.

War and Usury

"That the purpose of this policy (the bankers' plan) was to secure an advantage to the craft of usury through maintenance of a shortage of money was also placed beyond question for the bankers' propaganda boldly stated:

'Let the Government issue the coin (a small percent of the medium) and the bankers issue the paper money of the country. *To restore to circulation the Government issue of money will be to provide the people with money,* and **WILL THEREFORE SERIOUSLY AFFECT YOUR INDIVIDUAL PROFIT AS BANKERS AND LENDERS.'**"

Page 175.

"In this diabolical scheme of high finance war played its part. The technic of using war as a means of en-

thralling government in interest-bearing debt (bonds), financed by the manipulation of credits, was first developed as an international racket by the Rothschilds during the Napoleonic Wars."

"That this evil combination of war and usury * * * formed a major part of the plan which organized international finance had under way at the time the Civil War broke out in the United States, is clearly proven by the circulars issued to American banking institutions BY EUROPEAN BANKERS as a part of the propaganda used in opposing Lincoln's attempt to restore to government the right to finance war and public enterprise BY THE ISSUE OF NATIONAL CURRENCY combined with governmental control of the monetary system."

"Let there be no mistake about this. *The bankers at that time in opposition to Lincoln's greenback currency, specifically outlined the policy they have since pursued, by stating:*

'That the great debt that *the capitalists will see to it is made of the Civil War* must be used as a measure to control the volume of money. To accomplish this the bonds must be used as a banking basis.'

Page 172.

Clear Cut and Opposite Policies

"The issue between Lincoln and the financiers was clear cut and well defined. * * * That issue is: *Shall the medium of exchange consisting of money, token currency, inconvertible bank notes and inconvertible bank credit transferable by check, be created and issued by men responsible to the government * * * or shall it be created and issued by men who are an-*

swerable to neither nation nor people, and who have no responsibility other than that of serving their own, and the interests of the private money system?"

"In short, shall government be subordinate to Money Power with the money changers ruling Democracy? Or shall Democracy rule the money changers? *Lincoln knew that it was upon the determination of this great issue IN FAVOR OF DEMOCRACY that the progress, prosperity and peace of humanity depended.*"

"In accordance with this sound conclusion, BEING ON THE SIDE OF HUMANITY, he, therefore, proposed '*a managed currency system*' that would fully establish the sovereignty of Democratic Government."

Page 173.

"Clearly recognizing that if Lincoln succeeded in the United States that the power of high finance would be wiped out throughout the world, for the international bankers knew that other nations would be certain to follow Lincoln's lead, *the bankers of Europe and England organized against Lincoln and exhorted the bankers of the United States to support.*"

Page 176.

"This program of the ORGANIZED INTERNATIONAL BANKERS constituted a direct challenge to Lincoln, who incurred the hatred and undying enmity of this *crafty and merciless band of robbers* when he undertook to establish *the right of the Government of the American people to save the nation from disruption by the issue of national currency not convertible into either gold or silver.*"

"Yes, Lincoln saw through the bankers' rascality and

opposed it. NOTWITHSTANDING THE POWER OF ITS SPONSORS, HE CHALLENGED THEIR ATTITUDE *as a public outrage, and opposed their activities up to the very moment of his death.*"

FIRST MOVE BY ORGANIZED BANKERS TO DESTROY LINCOLN'S NATIONAL CURRENCY

Quoting again from McGeer's *Conquest of Poverty*.

Page 169.

"The nature of Lincoln's fight with the bankers may be inferred from the debates (in the House of Representatives) on the amendments (to the Legal Tender Bill) made in the Senate * * *. In the closing debate, Thaddeus Stevens, who had Lincoln's unqualified support, after pointing out that *'the full Legal Tender Bill had been hailed with delight throughout the whole length and breadth of the Union by every class of people,'* exposed the bankers' *'power over the peoples' representatives'* when he denounced the Senate's amendments in these words:

'Their cashiers and agents (of the bankers) were soon here on the ground, *and persuaded the Senate, with but little deliberation,* to mangle and destroy what it had cost the House months to digest, consider and pass. They fell upon the Bill in hot haste, and *so disfigured and deformed it,* that its very father would not know it. Instead of being a beneficent and invigorating measure it is now positively mischievous.'

'It now creates money, and by its very terms, declares it a depreciated currency.'"

Quoting again from T. Cushing Daniel's book *Real Money Versus False Money—Bank Credits*.

Page 46.

NOTE:—Thaddeus Stevens reported the Legal Tender Bill as amended by the Senate back to the House in the following:

"I hope the gentlemen of the House will read the amendments. They are VERY IMPORTANT, and in my judgment, VERY PERNICIOUS; but I hope the House will examine them."

NOTE:—Elbridge G. Spaulding, original sponsor of the Legal Tender Bill, opened the debate in the House on the Senate Amendments. He said in part:

"Mr. Chairman: I desire especially to oppose the amendment of the Senate which requires the interest on bonds and notes to be paid in coin semi-annually, and which authorizes the Secretary of the Treasury to sell six percent bonds at the market price *for coin to pay the interest.*"

"The passage of the measure, the Legal Tender Bill, in this House was hailed with satisfaction by the great mass of the people all over the country. It received the hearty endorsement of such bodies as the Chambers of Commerce of New York, Cincinnati, St. Louis, Chicago, Buffalo, Milwaukee and other places. *I have never known any measure to receive a more hearty approval from the people.*"

Page 47.

"I am opposed to all those amendments of the Senate which discriminate in favor of the holders of bonds and notes by compelling the Government to go into the streets every six months to sell bonds at the 'market price,' to purchase gold and silver in order to pay the interest '*in coin*' to the capitalists who now hold United States stocks and Treasury Notes heretofore issued or that may hold bonds and notes hereafter to be issued; while all persons in the United States—including the Army and Navy and all who supply them with food and clothing—are compelled to receive non-legal tender Treasury Notes in payment of the demands due them from the Government."

"Why make this discrimination? Who asks to have one class of creditors placed on a better footing than another? Do the people of New England, the Middle States, or the people of the Northwest or West, or anywhere else in the rural districts, ask to have such discrimination made in their favor? * * * No, sir; no such unjust preference is asked for by this class of men. * * * They ask for *a national currency which shall be of equal value in all parts of the country*. They want a currency that shall pass hand to hand among all the people in every state, county, city, town and village in the United States."

"Who are they, then, that ask to have a preference given to them over other creditors of the Government? Sir, it is a very respectable class of gentlemen, *but a class of men who are very sharp in all money transactions*. They are not generally among the producing classes; not among those who, by their labor and skill, make the wealth of the country; *but a class of men that*

have accumulated wealth, men who are willing to lend money to Government if you will make the security beyond question, give them a high rate of interest, and make it payable in coin."

"Sir, the Legal Tender Treasury Note Bill was intended to avoid all such financing and protect Government, and the people who pay the taxes, from all **SUCH HARD BARGAINS**. It was intended as a shield in the hands of the patriotic people of the country against all forced sales of bonds and all extravagant rates of interest."

"The very discrimination proposed carries on its face notice to everybody, that although the notes are declared to be '*lawful money * * **,' yet *there is something of higher value, that must be sought after at the sacrifice to the Government to pay a peculiar class of creditors to whom it owes money; A KIND OF ABSURDITY AND SELF-STULTIFICATION * * * WHICH DOES NOT APPEAR WELL NOW, and will not look well in history.*"

"You will, if the Senate's amendments are adopted, depreciate by your own acts, your own bonds and notes, and effectually **DESTROY THE SYMMETRY AND HARMONIOUS WORKINGS OF THE WHOLE PLAN.**"

Page 48-9.

NOTE:—Thaddeus Stevens, the picturesque crusader for Constitutional Money, closed the House debate on the Senate (bankers') amendments to the Legal Tender Bill, with the following warning in ominous words.

"I have very few words to say. I approach this subject with more depression of spirits than I ever before

approached any question. * * * *I have a melancholy forboding that we are about to consummate a CUNNINGLY DEVISED SCHEME, which will carry great injury and great loss to all classes of the people throughout this Union, except one (the money lenders)."*

"In a speech at Philadelphia, January 15, 1876, Judge Kelly says:

'I remember the grand "Old Commoner," Thaddeus Stevens, with his hat in his hand and his cane under his arm when he returned to the House after the final conference, *and shedding bitter tears over the result.* "Yes," he said, *"we had to yield: the Senate was stubborn. We did not yield until we found that the country must be lost or the banks gratified, and we have sought to save the country* IN SPITE OF THE CUPIDITY OF ITS WEALTHIER CITIZENS.'

NOTE:—Thus the banking interests won in the first struggle between the opposing forces by depreciating the value of Lincoln's National Currency Plan. The "greenbacks" or Legal Tender Money was, of course, in circulation, and still is, but the wedge had been made to put Constitutional money out of circulation as far as possible; and within the limits it had been issued as per the Senate amendments.

Quoting again from McGeer's *Conquest of Poverty*.

Page 177.

"He (Lincoln) had defined his position on labor, and, when the opportunity came for him to declare his

position upon the RIGHT OF GOVERNMENT TO ISSUE AND CONTROL THE CURRENCY OF THE NATION, he was equally outspoken."

"In 1862 the conflict between Lincoln and the bankers became a matter of public record. The bankers, encouraged by the success they had achieved in emasculating, in the Senate, the Legal Tender Bill, passed in Congress in 1861, secured the passage of an Act which provided for the issue and circulation OF PRIVATE BANK NOTES of less denomination than \$5.00 in the District of Columbia."

NOTE:—How coy was their first move! Looked so harmless, but was the precedent that was expected to start them on their planned course of creating our entire money.

"On June 23rd, 1862, Lincoln met this open challenge of organized and militant finance *by exercising his power to veto the Bill*. In the veto message which he dispatched to the Senate he not only joined issue with the money changers, *but he took advantage of the occasion to lay down a guiding basis for a National Currency and Credit policy that IS JUST AS SOUND AND NECESSARY TODAY AS IT WAS WHEN IT WAS WRITTEN*. To the Senate he said:

LINCOLN'S VETO MESSAGE ON BANK CURRENCY

"This Bill seems to contemplate no end which cannot be otherwise more certainly and beneficially attained. During the existing war it is peculiarly the duty of the National Government to secure to the people *a sound circulating medium*. This duty has been, under existing circumstances, *SATISFACTOR-*

ILY PERFORMED, in part, at least, BY AUTHORIZING THE ISSUE OF UNITED STATES notes receivable for all government dues except 'customs,' and made a Legal Tender for all debts, public and private, except interest on public debt."

"The object of the Bill submitted to me—namely, that of providing a small (bank) note currency during the present suspension—can be fully accomplished by authorizing the issue—as *part of any new emission of United States Notes made necessary by the circumstances of the country—of notes of a SIMILAR CHARACTER, BUT OF LESS DENOMINATION*, than five dollars."

"Such an issue would answer all the beneficial purposes of the Bill, *would save a considerable amount to the Treasury in interest* * * * would greatly facilitate payments to soldiers and other creditors of small sums, **AND WOULD FURNISH TO THE PEOPLE A CURRENCY AS SAFE AS THEIR OWN GOVERNMENT.**"

"Entertaining these objections to the Bill, I feel myself constrained to withhold from it my approval, and return it for the further consideration and action of Congress.

—Abraham Lincoln."

"By this action Lincoln upset the money changers benches and temporarily, at least, drove the 'Ragmen,' as he called the bankers, from the temple of the government of the American people. *By this action he sealed his own personal doom. This great contest between Lincoln and 'the secret foes of the nation,' the bankers of his day, little referred to by historians, ended in the assassination of the 'great Emancipator.'*"

NOTE:—The conflict between those who supported

The People's money and those who supported bankers' money in Congress during the Civil War period, was later carried on in the Supreme Court of the United States. The Legal Tender cases were argued, and *the issue of the legality of the Legal Tender Money was finally settled in the affirmative, deciding forever the Constitutionality and legality of Lincoln's National Currency Policy.* However, there are other ways of defeating the people's rights and Constitutional powers, as we shall see from following quotations from documents.

Page 160.

"Once the Hon. Hugh McCulloch, Secretary of the Treasury, following Chase, introducing a delegation of N. Y. bankers, to the President said:

"These gentlemen from New York have come to *see the Secretary of the Treasury about our new loan.* As bankers they are obliged to hold our national securities. I can vouch for their patriotism and loyalty, for, as the Good Book says, 'for where the treasure is, there will the heart be also.' "

"To which Lincoln replied, 'THERE IS ANOTHER TEXT THAT I MIGHT APPLY, "*Wherever the carcass is, there will the eagles be gathered together.*" ' "

CHAPTER IX

ABSTRACT OF LINCOLN'S
MONETARY POLICY
(In Part)

From a *Congressional Report* (Senate), Document No. 23, 76th Congress, 1st Session. "The National Economy and Banking System of the United States." An Exposition of the Principles of Modern Monetary Science in their relation to the National Economy and the Banking System of the United States. By Robert L. Owens, former Chairman, Committee on Banking and Currency, United States Senate. Presented by Mr. Logan, January 24 (legislative day, Jan. 17th), 1939. Ordered to be printed with illustrations. United States Government Printing Office, Washington, D. C., 1939. Page 80.

NOTE:—A brief quotation from Owens' Report is followed by a summary of Lincoln's money policy as set forth in the quoted book, "*The Conquest of Poverty*," by McGeer, WHICH ABSTRACT has been certified as correct by the Legislative Reference Service of the Library of Congress at the instance of Hon. Kent Keller, Member of the House of Representatives.

"Modern monetary science proposes a plan which the Supreme Court of the United States has justified in its Opinion in the *Legal Tender Cases*. The plan is Constitutional. It is based upon the exclusive right of the Government to create money and the explicit duty 'to regulate the value thereof.' * * * The plan proposes to end the suffering of one-third of the American people because of undeserved poverty. The

plan is founded upon benevolence, justice, and righteousness. It is based on reason, on thoroughly well-established facts, and on sound precedents that cannot be disputed by intelligent men of good will and honest purpose."

"Monetary science points the way by which the Government, representing all the people, shall prevent either inflation (which is indefensible expansion of credit or money) or the corresponding undue and indefensible contraction of credit (deflation) through which people have suffered."

"In 1861, under Abraham Lincoln, Congress issued legal tender paper money as a means of carrying on the Civil War. This legal tender money was a means of saving the Union."

"Lincoln thoroughly understood the Constitutional right of Congress to exclusively create money and to regulate the value thereof. * * * The views of Lincoln are of surpassing importance."

NOTE:—Owens' Report includes a summary of Lincoln's monetary views, as follows (in part).

Page 91 of the Owens' Report to Congress.

- 1.—'Money is the creature of law and the creation of the original issue of money should be maintained as an exclusive monopoly of National Government.
- 2.—Money possesses no value to the State other than given to it by circulation.
- 3.—Capital has its proper place and is entitled to every protection. The wages of men should be recognized in the structure of and in the social order as more important than the wages of money.

- 4.—No duty is more imperative on the Government than the duty it owes the people to furnish them with a sound and uniform currency,
* * * so that labor will be protected from a vicious currency * * *.
- 5.—The available supply of gold and silver being wholly inadequate to permit the issuance of coins of intrinsic value *or paper currency convertible into coin in the volume required to serve the needs of the people*, some other basis for the issue of currency must be developed, *and some other means than that of convertibility into coin must be developed to prevent undue fluctuations in the value of paper currency or any other substitute for money of intrinsic value that may come into use.*
- 6.—The monetary needs of increasing numbers of people advancing toward higher standards of living can and should be met by the Government. Such needs can be served by the issue of National Currency and Credit through the operation of a National Banking System. The circulation of a medium of exchange issued and backed by the Government can be properly regulated and redundancy of issue avoided by withdrawing from circulation such amounts as may be necessary, by taxation * * * and otherwise. Government has the power to regulate the currency and credit of the Nation.
- 7.—Government should stand behind its currency and credit and the bank deposits of the Nation. No individual should suffer a loss of money through depreciated or inflated currency or bank bankruptcy.
- 8.—Government, possessing the power to create

and issue currency, and credit as money, and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise, *need not and should not borrow capital at interest as a means of financing governmental work and public enterprises.*

- 9.—The Government SHOULD CREATE, ISSUE AND CIRCULATE ALL THE CURRENCY AND CREDIT NEEDED TO SATISFY THE SPENDING POWER OF THE GOVERNMENT AND THE BUYING POWER OF CONSUMERS.
- 10.—The privilege of creating and issuing money is not only *the supreme prerogative of Government, but it is the Government's GREATEST CREATIVE OPPORTUNITY.*
- 11.—By the adoption of these principles, the long-felt want for a uniform medium will be satisfied. *The tax-payers will be saved immense sums in interest, discounts and exchanges. The financing of all public enterprises (war included), the maintenance of stable government and ordered PROGRESS, and the conduct of the Treasury will become matters of practical administration. * * **
- 12.—Money will cease to be the master and become the servant of humanity. DEMOCRACY WILL RISE SUPERIOR TO THE MONEY POWER.'

LINCOLN THE FORERUNNER OF MODERN ECONOMIC DEMOCRACY AND FINANCE

NOTE:—*As Washington is the symbol of the political*

democracy of *the coming world of his day*, so *Lincoln foreshadowed the economic and financial democracy of the world to be*. His great genius for economic and financial reform was, however, submerged by the civil strife during his administrations, but he remains the greatest genius of all time in giving to the world a sound, constructive and democratic economic and monetary policy, and the United States Government must return to it if we are to retain our free institutions.

From G. G. McGeer's *Conquest of Poverty* again.

Page 149.

NOTE:—The struggle between the people and the money power had raged during the formative years of Lincoln's mind, as shown in the preceding statements of the great Andrew Jackson, and from such statements as the following from Daniel Webster. It is not surprising that we find Lincoln commencing his political career by making declarations which clearly showed his future policies on the money question.

Daniel Webster, a friend of Jackson, said on the evils of private issuance of money and credit, the following:

"There never has been devised by any man a plan more specious by which labour could be robbed of the fruits of toil than the banking system. The people not only take bank paper as money, paying interest on it, but when banks suspend, the people lose the discount while the bankers gain it."

"The people wonder why financial panics occur so frequently. I can tell them why. *It is to the interests of the bankers and brokers that they should occur. It*

is one of the specious methods by which these despotic and utterly useless knaves rob the producing, manufacturing and mercantile classes of their honest earnings. It is one of the chief plans by which this infamous ring is riveting the chains of slavery upon the limbs of labour. It is one of the chief means adopted to build up a money aristocracy that shall live in idle luxury and ape the pretentious airs of European nobility."

—Daniel Webster.

Page 158.

Lincoln said in an early statement, at the age of thirty:

"We do not pretend that a National Bank (government owned) can establish and maintain a sound and uniform state of currency in the country in spite of the National Government. But we do say that it has established and maintained such currency and can do so again *by the aid of that government*. And we further say that **NO DUTY IS MORE IMPERATIVE ON GOVERNMENT THAN THE DUTY IT OWES THE PEOPLE OF FURNISHING THEM A SOUND AND UNIFORM CURRENCY.**"

Lincoln's Tribute To Jefferson

Page 165.

"All honour to Jefferson: to a man who, in the concrete pressure of a struggle for national independence by a single people, had the coolness, forecast and capacity to introduce into a merely revolutionary document an abstract truth, applicable *to all men and all time, and so to embalm it there, that TODAY AND IN ALL*

COMING DAYS IT SHALL BE A REBUKE AND A STUMBLING BLOCK TO ALL HARBINGERS OF REAPPEARING TYRANNY AND OPPRESSION."—Abraham Lincoln.

"To Lincoln, the Constitution was not a mere declaration of abstract principles designed to point the way to universal liberty. IT WAS TO HIM, A DECLARATION OF WAR ON EVERY FORM OF TYRANNICAL OPPRESSION whether it came from an abuse of military, political or monopolistic power. *He recognized in Money Power the most dangerous and most evil of all monopolies.*"

Page 144.

"Lincoln's biographers have failed * * * to recognize that he was and still remains the greatest, most effective and practical of all monetary reformers. * * * His part in the struggle to emancipate the negro from slavery and to prevent the destruction of his nation by secession have been allowed to overshadow his greater work which characterized his attempt to establish a sane and sound national currency system."

Page 142.

"We shall see as we study Lincoln, the Economist, that he had an infinitely better monetary background than any President since his time. * * * Lincoln did not fall into *the error of so many reformers who believe that the road to the conquest of poverty may be found through re-distribution of existing wealth.* He recognized THE NEED FOR THE CREATION AND DISTRIBUTION OF MORE WEALTH.

He saw that government, by creating money and putting it into circulation, would help both the creation and distribution of wealth. He was the LAST POLITICAL LEADER IN THE UNITED STATES TO HAVE HELD THAT CONCLUSION. After his assassination, the oligarchy of Money Power took control, and the power of government to create money became the privilege of private profit-seeking monopolists."

"It was there that the American nation took the wrong road, following the policy which had been established in Great Britain in 1844. It was the road that led to war, boom and depression crises, and the universal collapse of the banking and economic structures in 1929."

Page 166.

*"With superb indifference to the risks involved, Lincoln fearlessly sought to set up a National Currency * * * he clashed with the international bankers of his day who were endeavoring to extend the Bank of England gold standard private-money system, in the hope that, UNDER THE SOVEREIGNTY OF USURY, Government of Money Power, controlled by bankers and financiers, would overrule Democracy. IT HAS SUCCEEDED. Democracy is now faced with the life and death struggle with Money Power which Lincoln anticipated."*

Page 207.

"The universal existence of destitution in the midst of abundance (as shown and experienced during the economic collapse in the 1930's when there was whole-

sale destruction of food and curtailment of production, and millions suffering from money famine because the government failed to keep the circulation of money up to the level of our great production and productive ability) now compels all thinking men and women to agree *that once the private banker is accepted as the financial advisor of the government, WORK IS FUTILE, HOPE IS USELESS, AND FAITH IN GOD IS ENDANGERED.* That is why Christ drove the money changers from the Temple of God."

Page 208.

"The money power has established a more vicious form of universal slavery over the American people than ever was established over the American negro."

Page 167.

"Now that we know our so-called sound money system is based on falacies that are obviously patent to anyone who will examine them, it is not surprising to find that there were men in the past who openly opposed its coming into being. It would be a matter of surprise if this were not so, for while there are many foolish people in the world in every age, *there never was a time when the world was exclusively populated by self-seekers or idiots.*"

LINCOLN THUNDERS DEFIANCE AT BANKERS IN WORDS AND DEEDS

Page 173.

Warning To Labor, Dec., 3, 1861

"Let the worthy men who toil up from poverty beware of surrendering a political power which they

already possess, and which if surrendered *will surely be used to close the door of advancement against such as them, and to fix new disabilities and burdens upon them TILL ALL LIBERTY BE LOST.*"

Page 171.

"They (the bankers) found in Lincoln * * * a leader whom they could not buy, bluff nor confuse."

"By resorting to the issue of 'greenbacks' currency (legal currency, so-called by the Supreme Court of the United States) *Lincoln launched a 'National Currency Policy'* which provided that the financing of Government and progress, with the issue of 'honest money dollars' by Government, would take the place of the policy of borrowing '*dishonest credit dollars*' issued by the private money system."

Page 172.

"Instead of borrowing from the private money system, Lincoln proposed (and legislation was passed) to use national currency for all government expenses (including war) *and pay off* outstanding bonds with the same medium. *Instead of Government borrowing a fiction money from the bankers, Lincoln proposed to compel the bankers to borrow real money from the Government.*"

Page 170.

"Unfortunately for humanity, in the name of sound money, the CONSPIRACY to monopolize the issue of bank currency, as a substitute for National Currency, *promoted by international bankers WHO DID NOT*

AND WHO DO NOT HESITATE TO COMBINE THE BANEFUL FORCES OF WAR AND USURY TO PRODUCE POWER AND PROFIT, though temporarily checked by Lincoln, HAS PREVAILED."

Page 174.

"(Lincoln) was unable to tolerate, much less accept, the bankers' idea that labour should be exploited, *and liberty invaded, by men primarily interested in the accumulation of money wealth.*"

Page 185.

"* * * Lincoln was convinced that the Government could create and issue its own currency needs. *Possessing the unerring judgment of superior wisdom, Lincoln was a master in statecraft,* who met and solved the fundamental problems of a sound monetary system."

"In chartering the monetary course along which our civilization *must build upon* the foundations of sane currency and credit management, *Lincoln mapped out a monetary policy* that must be adopted and put into effect before the world can enjoy THE PROSPERITY AND ABUNDANCE THAT SCIENCE HAS MADE POSSIBLE."

"He (Lincoln) was actually moving to destroy the sovereignty of Money Power (over the world)."

Page 206.

"* * * if Lincoln had been allowed to live through his second Presidential term, no doubt he would have established a monetary system under which

the existing tragedy of bankruptcy and destitution in the midst of unlimited opportunity would have been avoided."

Page 207.

"Lincoln was, in fact, fighting the very powers who were behind the (first) Bank of the United States (Hamilton's), the Bank of England, the demonitization of silver, the gold standard, and who, later on, established in the United States the Federal Reserve Banking System and, following the (first) World War, the Bank of International Settlement."

NOTE:—And in 1944, a further tightening of the money power is being proposed by financial powers, in the shape of an international gold standard and financial hierarchy to control all nations.

CHAPTER X

THE BANKERS' "NATIONAL BANK ACT"
ENGINEERED BY SEC'Y CHASE
AND JOHN SHERMAN

From *Abraham Lincoln: The War Years*, by Carl Sandburg, quoted before. Vol. 2, Page 192.*

"Chase had urged the National Bank Act as 'a firm anchorage to the Union of States', which would 'reconcile as far as possible the interests of existing institutions with those of the people.' "

Page 171.

"The National Bank Act * * * was presented as a device to get money to run the war and a method to achieve stability in currency and finance through cooperation with the bankers, bond-holders and business interests having cash and resources."

"Five or more persons, under the National Bank Act, could associate and form a bank having capital of \$50,000 or more. On depositing in the United States Treasury interest bearing bonds to the amount of one-third of the paid-in capital of the bank, *the Government would engrave (Notice 'engrave,' not issue) money for them, National Bank certificates, to the amount of 90% of the par value of the bonds deposited.*"

"The bank would use these new certificates for car-

*The following quotations from *Abraham Lincoln: The War Years*, by Carl Sandburg, published by Harcourt, Brace & Company, are reproduced here by the permission and courtesy of the author, Carl Sandburg, and Harcourt, Brace & Company, publishers, N. Y.

rying on a regular banking business, receiving full profit as though they were the bank's own notes. Also the banks would receive, from the government, interest payments in gold on the bonds deposited in the Treasury."

"Thus THE DOUBLE PROFIT OF BANKERS' INTEREST ON GOVERNMENT GUARANTEED AND SUPERVISED MONEY ISSUES, AND THE GOLD-PAID INTEREST ON THE BONDS, WAS THE INDUCEMENT BY WHICH CHASE, with Lincoln's complete endorsement, proposed to rally cash resources to the war for the Union."

"Thereby bankers and bond-holders were given such attractions of * * * investments and assured profits in the National Bank system that it was understood they were satisfied."

"Thaddeus Stevens saying the act favored 'the money lenders who were clamorous lest the debtor should more easily pay his debt.' *He demurred that the propertied and creditor groups of the country would, through finance, unduly control the government.*"

"A Republican (the Jeffersonian type or Republicanism) element, holding the view of Thaddeus Stevens that it was a money lenders' measure, unjust to the debtor class, had little to say by way of criticism, waited to see if it would bring in the war funds promised * * *."

"From the opposition Democrats, few in number and influence (because of their general southern collaboration or, at least, sympathy) *an outcry arose that the new National Banking system would create a more insidious centralization of money power than the old bank of the United States which Andrew Jackson had destroyed.*"

NATIONAL BANK ACT RUSHED
THROUGH CONGRESS

NOTE:—This Act was before the Senate only three or four days, and before the House only two days, as per following quotation. And it was rushed through at a time when the people of the country were entirely diverted from the subject by the Civil War, and were not informed of the real nature and character of the bill.

From *Real Money versus False Money—Bank Credits*, by T. Cushing Daniel, quoted before. Page 61.

“I would call especial attention to the fact that John Sherman was in charge of the bill and made a favorable report upon the same from the Finance Committee of the Senate on February 2, 1863. It was taken up in the Senate on February 9th, and passed on February 12th, by a vote of 22 to 21. It was then sent to the house on the 13th of February, *and never referred to the Committee on Ways and Means, which should have been its regular order*; was taken up on the 19th and *passed the House on the 20th of the same month by a vote of 78 to 64*. It was approved by the President and became a law February 25th, 1863.”

NOTE:—It passed just one year after the money reform bill was passed which provided National Currency to finance the government during war. Such is the power of the super government of money over Constitutional government when their privileges are threatened, and they are in a position to withhold their support of government in a crisis unless their cupidity is satisfied.

THE BANKING INTERESTS NOW IN THE
SADDLE AND CONSTITUTIONAL
GOVERNMENT THREATENED BY
CONCENTRATED WEALTH

Page 45.

*"Here begins one of the darkest chapters in American history. It will be found that every step taken by Congress from this on, in matters pertaining to the finances of the nation, has been dictated by the money power. Foreign capitalists, such as the Rothschilds, became deeply interested in the scheme of robbery inaugurated by the passage of this Act, and through their agents, such as August Belmont, banker and * * * chairman of the Democratic National Committee, have aided the money power here materially in controlling the policy of both the great political parties."*

*"The amount stolen from the people during the Civil War by the financial policy then adopted, and which now encumbers the nation in the shape of a bonded debt * * * is estimated by such writers upon the subject of finance as J. S. Gibbons—contributor to Johnson's Universal Encyclopedia—at over one thousand million dollars, to say nothing of the thousands of millions of which the people have been robbed indirectly, by means of the pernicious monetary system then foisted upon the country."*

"This Bill changed the whole currency system of this country and transferred the sovereign right of the Government 'to issue money' to Banking Corporations organized for private gain. Thus, we see the vicious principle of the two so-called United States Banks perpetuated."

Bankers' Method of Controlling Legislation

Page 53.

"The (following) circular was signed by the official representative of the National Bankers' Association, James Buell. The original copy of the circular was obtained by the Hon. Isaac Sharp, acting governor of Kansas (who had been, when young, a favorite law student of Thaddeus Stevens, hence his interest in the question) from Mr. J. W. Simcock, the cashier of the First National Bank of Council Grove, Kansas."

'Dear sir :

'It is advisable to do all in your power to sustain such daily and weekly newspapers, *especially the agricultural and religious press*, as will oppose the issuing of greenback paper money (by the government), and that you also *withhold patronage or favors* (no doubt lending money) *from all who will not oppose the Government-issue of money.*

"Let the Government issue the coin, and the banks issue the paper money of the country (about 95% of it) ; for then we can better protect each other.

"To repeal the law (the National Bank Act) creating National Banks, or to restore to circulation the Government-issue of money, *will be to provide the people with money, and will, therefore, seriously affect your individual profit as bankers and lenders.* See your member of Congress at once, and engage him to support our interests that **WE MAY CONTROL LEGISLATION."**

(Signed),

James Buell, Official Representative of the
National Bankers' Association.'

CHAPTER XI

LEGAL TENDER CASES TRIED IN THE
SUPREME COURT OF THE
UNITED STATES

NOTE:—The struggle in Congress during Lincoln's administration between the supporters of Government issued money and those who supported private bank note money was carried on later in the Supreme Court of the United States. The Senate had partially depreciated the value of government issues of U. S. Notes by the amendments to the Legal Tender Bill, and a further effort was made to depreciate government money in the Legal Tender Cases before the Supreme Court.

From *United States Reports, Official Edition*. Wallace, 1-9. Baldwin Law Book Co., Cleveland and New York. 1926. Vol. 68-76, Sec. 8, Paragraph 603-626. Case "Hepburn vs. Griswold."

*Legal Tender Refused in Payment of Loan
Made Before February 25, 1862
(Legal Tender Act Date)*

"We are obliged, therefore, to hold that the defendant in error was not bound to receive from the plaintiff the currency tendered him in payment of their note, made before the passage of the Act of February 25th, 1862. It follows that the judgment of the Court of Appeals of Kentucky must be affirmed.

"It is proper to say that Mr. Justice Grier, who was a member of the Court (he had died before final deci-

sion was made public) when this cause was decided *in conference* (Nov. 27, 1869), and when this opinion was directed to be read (Jan. 29, 1870) stated his judgment to be that the Legal Tender Clause, properly construed, has no application to debts contracted prior to its enactment; but that upon the construction given to the Act by the other judges he concurred in the opinion *that the clause so far as it makes United States Notes a legal tender for such debts, is not warranted by the Constitution.*

“Judgment affirmed.”

(By Chief Justice of S. C.
case *Hepburn vs. Griswold*)

Supreme Court Decision Reversed

Same series, Wallace (10-19). Vol. 79-86. Par. 457.

In re Value of U. S. Notes in Gold Coin

“The Acts of Congress known as Legal Tender are Constitutional when applied to contracts *made before their passage*. *Hepburn vs. Griswold* on this point, overruled.”

“They are also valid as applicable to contracts made since.”

“There were two suits; the first a writ of error to the circuit court for the Western District of Texas; the second an appeal from a decree in equity in the Supreme Judicial Court of Massachusetts.”

1st Suit in Texas.

“* * * The issue was what difference there was between value of hard money and paper legal tender. Ruling of lower court follows:

'In assessing damages the jury will recollect that whatever amount they may give by their verdict can be discharged by the payment of such amount in legal tender notes of the United States.'

"Our objection is this; that in view of the facts * * * what the judge (of the lower court) said to the jury *at the conclusion of his charge*, was equivalent to saying:

while he recognized the principle that greenbacks might discharge the claim, he yet left the jury to infer that they (greenbacks) can only be forced upon the creditor at the rate which they would bring in gold.

"This instruction was wrong, because it practically made a distinction between coin and paper tenders, in regard to a debt accruing after the passage of all the Legal Tender Acts."

"But without extending our remarks further, it will be seen that *we hold the acts of Congress constitutional, as applied to contracts made either before or after their (Legal Tender Act) passage*. In so holding we overrule so much of what was decided in *Hepburn vs. Griswold*, as ruled the Acts (of Congress) unwarranted by the Constitution so far as they apply to contracts made before their (Legal Tender Acts) enactment."

Par. 558. Justice Bradly Concurring.

"No one doubts at the present day, nor has ever seriously doubted, that the power of the government to emit bills exists. It has been exercised by the government without question for a large part of our history. This being conceded, the incidental power of

giving such bills the quality of legal tender follows almost as a matter of course."

NOTE:—Thus Legal Tender (greenback) Notes, or U. S. Notes, by a ruling of the Supreme Court, became good for debts made both prior to and after the Legal Tender Acts, and equal in value to gold or hard money. This decision stands today, and the Lincoln "greenbacks" are still in circulation, *but the original amount issued—\$450,000,000—is all that were allowed by law to be issued.* The banking interests saw to it that their bank notes founded on debt took the place of future issues of U. S. Treasury Notes, which were, *as Lincoln said, "the greatest blessing they (the people) ever had—their own paper to pay their own debts."*

Par. 518. Attorney General Akerman's
Opinion in Legal Tender Cases.

"It would be wonderful that a government formed in modern times and for a commercial people, and in large measure the offspring of commercial wants, should not be provided with all powers on the subject of money that indispensable instrument of commerce—which has been possessed by the governments of other commercial nations."

*"The world's experience did NOT fall on barren soil when it was cast by history into the minds of the men who framed the Constitution of the United States. MANY OF THEM WERE WELL VERSED in financial history. * * * THUS INSTRUCTED, THEY WENT TO WORK. They gave to Congress express powers on the subject of money. The only restrictions which they imposed in this matter were upon the States."*

"Some men appear to consider that there is a peculiar Constitutional virtue in metal, whether gold or silver, nickle or copper. According to them, *what is a crime against the Constitution if done in paper, may innocently be done in metal.*"

"Congress nowhere declares that nothing shall be money but metal. *Congress has enacted that Treasury Notes shall be lawful money.*"

GOVERNMENT MOVES TO RETIRE "GREENBACKS" AND FLOAT BANK NOTE CIRCULATION

From *Congressional Currency*, by Armistead C. Gordon. G. P. Putnam's Sons. New York and London. 1895. Page 132.*

"In December, 1865, the Congress, *by resolution*, approved the plan of Secretary (of the Treasury) McCulloch for retiring the greenbacks."

"The resolution was passed (in the House) *under a suspension of the rules*, and by the tremendous majority of 146 yeas to 6 nays."

"The work (of retiring of greenbacks) was systematically begun, and was well under way *when a stringency of the money market and the fall of prices caused Congress on Feb. 4, 1868, to repeal the Act of December, 1865* (above mentioned) *which had directed the retirement of the Legal Tenders (Greenbacks).*"

NOTE:—The above act (of Dec., 1865) was the first move after the Civil War to contract our money supply. But even preceding this Act of Congress of December,

*The following quotation from *Congressional Currency*, by Armistead C. Gordon, published by G. P. Putnam's Sons, is used by the permission and courtesy of Mary D. Gordon, Charlottesville, Va.

1865 (immediately after Lincoln had passed from the scene) was the Act creating the National Banking System which really forecast the coming shortage of currency. It should be noted here that though Lincoln signed (and supported his Secretary of the Treasury, Chase, in) this Act, he did so only to appease banking interests and to gain their support for the Civil War at a time when he was actively opposed by the great banking interests of the country.

The following quotation shows the forecast in The National Bank Act of the coming shortage of U. S. currency and its replacement by bank note credit money which was the real purpose of the National Bank Act of 1863.

Page 153.

"While it is doubtless true that its (The National Banking Act) primary and *most desired object was the floating of a great war debt*, it is none the less probable that Congress in adopting the National Banking System, *had at the same time IN ULTIMATE CONTEMPLATION the retirement of 'greenbacks' and their substitution by notes of the banks*; for it is a noticeable fact that the *title of the Act* to provide the system of banks was '*An Act to provide a national currency*,' and that the *TEXT OF THE ACT* itself *looked to the return to specie payments and the making of coin the SOLE LEGAL TENDER.*"

Page 133.

"Professor Sumner notes the fact that January, 1868, just prior to *the repeal of the Act, of December, 1865 (retiring greenbacks)*, *was the turning point at which the contraction of Legal Tender notes (or Greenbacks) met the expansion of the national bank notes circulation.*"

CONGRESSIONAL RECORD ON MOVES BY GOVERNMENT TO DECREASE MONEY SUPPLY

From *United States Congressional Globe and Appendix*. Third session, fortieth Congress. Containing the Debates and Proceedings of the 3rd Session of the 40th Congress. And Appendix Comprising the Laws passed at that session. Part 1. December 7, 1868, to January 30, 1869. By T. & J. Rives & George Bailey, City of Washington. Office of the Congressional Globe. 1869. Page 9, after index, 2nd column.

"Redemption of Greenbacks"

"Mr. Pike offered the following resolution:

Resolved, That in the judgment of this House, justice to the public creditors and sound policy demand there should be no further delay in the payment *in gold of the United States notes*, commonly called greenbacks; and the Committee of Ways and Means *are hereby directed to report a Bill providing that measures be taken at once to effect that purpose.*"

NOTE:—The following shows the effort so often used by those who support scarce government money and private control and issuance by banks of bank note money,—MEANS used to rush bills through Congress without conforming to the regular Congressional procedure, and by a suspension of the rules.

"Mr. Farnsworth: 'Is not that resolution mandatory?'"

"The Speaker (House of Representatives): 'It is.'"

"Mr. Farnsworth: 'Well, I think it (the Bill) had better be referred, and not adopted.'"

"Mr. Pike: 'Let us have a vote in the House on it.'"

"Mr. Schenck: 'I hope the previous question *will not be sustained*, and the resolution will be referred.'

"Mr. Kelley: 'I propose to discuss the resolution.'

"The Speaker: 'The gentleman from Maine (Pike) has a right to demand the previous question. If the previous question *shall not be sustained*, the gentleman can rise to debate the resolution, when it will go over under the rule.' "

"The question was put; and the House refused to second the previous question."

"Mr. Pike: 'I move that the resolution be *referred to the Committee of Ways and Means*.'

"The motion was agreed to."

NOTE:—And so Mr. Pike had to let his Resolution go through the regular Congressional way, but the effort was made to rush it through by suspending the rules.

*Debates In House of Representatives On
Resumption of Specie Payments*

Page 11, Col. 1.

"Mr. Spaulding submitted the following Resolution; on which he demanded the previous question:

'Resolved: That the Committee of Ways and Means be instructed to *inquire into the expediency of providing by law the speedy RESUMPTION OF SPECIE PAYMENTS BY THE GOVERNMENT OF THE UNITED STATES*; and that said committee be requested to report on this subject at as early a day in the present session as may be practicable.'

"The previous question was seconded and the main question ordered; and under the operation thereof the resolution was adopted."

NOTE:—The above Mr. Spaulding was determined that the Specie Payments Bill should not be rushed through Congress and that some report from Congress on the Bill, for the purpose of getting some light on the important legislation, should be made. This was the same Mr. Spaulding from New York, who had fought the Senate Amendments to Lincoln's greenback or legal tender United States Notes Bill, which Senate Amendments had stripped legal tender greenbacks of part of their full tender value for all debts, public and private.

[

Specie Payments Bill Introduced In the House

Page 74, Col. 2.

"Mr. Lynch: * * * I desire to ask the unanimous consent of the House to allow the Bill (H. R. No. 1364) to provide for the gradual resumption of specie payments, which Bill was reported by me from the Committee on Banking and Currency and made the special order for the second Tuesday in December, to be made the special order for the first Tuesday in January."

"I wish to make this statement: the Bill was made the special order for the 2nd Tuesday in December, '68, and the 2nd Tuesday in December was the second day of the session. I was under a misapprehension, supposing that it would be the 2nd Tuesday of the session. I simply want to correct the mistake, and have the Bill, which was by unanimous consent ordered the special order for the 2nd Tuesday in December, made the special order for the 1st Tuesday in January, '69, and from day to day until disposed of."

"Speaker: 'Is there any objection to the proposition of the gentleman from Maine?'"

"Mr. Schenck: 'I object.'"

"Mr. Lynch: 'I move, then, to suspend the rules in order to allow a correction of the error into which we fell.'

"Mr. Schenck: 'I object to making it a special order for *so early a day*. * * * I suggest to the gentleman that he make the special order for the 3rd Tuesday in January.'

"Mr. Lynch: 'I will modify my motion so as to make it the special order for the 1st Wednesday in January.'

"Mr. Schenck: 'That is no better than the other. (Of course no time was given for proper discussion.) I propose to the gentleman to make it the 3rd Tuesday, which I will not oppose. *That will allow other reports upon the same subject to be submitted.*'

"Mr. Washburne: 'I hope the gentleman will modify his motion so that it will be made the special order *for the day only.*' "

"So (two-thirds voting in the affirmative) the rules were suspended; and the Bill (H. R. No. 1364) was made the special order for the 1st Wednesday in January next, after the morning hour from day to day until disposed of."

NOTE:—It seems plain that little time was to be allowed for consideration of the important legislation, if the supporters could prevent it.

DISCUSSION AND MOVES IN CONGRESS ON RESUMPTION OF SPECIE PAYMENTS

Page 608, 1st Col.—(In Part).

"Mr. Lynch: 'If the privileged motions and privileged members have all been settled, I will go on with consideration of the Bill.'

"Mr. Speaker: 'Among all the conflicting theories in regard to our financial affairs, and the means to be adopted for their improvement, there is a very general agreement upon one point, namely, *that it is desirable at the earliest day practicable to place our currency upon a specie basis.* I know there is a class of financiers that contend that a specie standard is wholly unnecessary, and that a paper currency, based upon the faith of the government, is a better currency than gold or silver, or paper convertible into gold or silver. But this class is not numerous, and I will not stop to discuss the abstract question which they raise * * *.'

"It is enough to know that the specie standard is the standard of every civilized nation, and as one of the family of nations our interest is to conform to that standard."

NOTE:—Such statements in Congress which are merely opinions without proof, *are poor stuff on which to base legislation of such great importance as currency legislation.* And the fact that European countries have adopted certain banking and currency laws hardly proves that such legislation is worth anything to the people. It is rather the best proof that it is imperialistic in a marked degree as most of their governments are, and antagonistic to our form of democratic government. *Either Congressmen have been ignorant of the real purpose of the monetary policy urged upon them by the promoters of European financial imperialism, or they have been crass cowards when confronted by the financial czars of America, and indifferent to the results of money rule.* It would be as reasonable to say that because Europe has monarchistic governments it would be to our best interests to adopt a monarchy here to conform to Europe's political systems. That system was what

Europe tried to force upon us in the Revolutionary War period. Not being able to do so, *it was the policy of the great financial and banking interests of Europe to control this free country through our money system.* That they have been able to do so is to our eternal shame, and the disgrace of our Congress which was expressly given the power by the Constitution to hold control over the issuance of our money and the regulation of its value and of foreign coin.

A SPECIE PAYMENTS BILL—(In Part)

“Be it enacted by the United States Senate and the House of Representatives of the United States of America, in Congress assembled, That on and after the 1st day of July, 1869, the United States Notes (greenbacks) now outstanding shall, when received in the course of ordinary transactions at the Treasury of the United States, BE DESTROYED UNDER DIRECTION OF THE SECRETARY OF THE TREASURY, and in lieu thereof the Secretary of the Treasury is hereby authorized and directed to issue new United States Notes of the same denomination as those in lieu of which they are issued, PAYABLE IN COIN ON DEMAND at the Treasury of the United States, at and after one year from date; and all notes of national banks so received at the Treasury and not paid out to parties willing to receive the same, shall, under such regulations as the Secretary shall prescribe, be redeemed by the banks issuing the same, in United States legal tender notes, and the last named notes when received at the Treasury shall be destroyed, and in their stead notes authorized by this Act shall be issued as hereinafter provided.”

NOTE:—Other bills similar to above were introduced.

Page 99. Date of Vol. from Dec. 6, 1869 to Feb. 1, 1870. Proceedings on December 13th, 1869.

"Mr. Cox submitted the following resolution, on which he demanded the previous question:

'Resolved, That among the evils growing out of the late Civil War is that of an irredeemable paper currency; that it is one of the highest duties of Government to secure to the citizens a medium of exchange of fixed, unwavering value, and that this implies a return to a specie basis, and no substitute for it can be devised; that it should be commenced now and reached at the earliest possible moment.' "

Page 662, 3rd Col., Par. 2, from Dec. 6, 1869 to Feb. 1, 1870. Townsend on Specie Payments.—(In Part).

"To enable the government to resume specie payments *it must withdraw at least half its currency*, perhaps more. It would be impossible for it to *maintain resumption* on its present extensive circulation, which could be so easily poured in on its points of redemption or would be presented on the least disturbance of the gold market of the world."

"*As there is no redundancy (of the currency)*, as I have shown heretofore, it will be necessary to leave in the hands of the people an equivalent in currency for that which may be withdrawn, by the withdrawal of the legal tenders."

"That can be done by allowing the Secretary to cancel from two to four millions of the legal tenders monthly, and to issue to new banking associations an equivalent in amount in circulating notes *under the National Banking Law*. * * * By this process the

legal tenders, the most difficult to manage, will be gradually withdrawn, that much of the debt will be paid, and the public credit strengthened, and the government put in a better position for resumption."

"In the establishment of new national banks, the Secretary should be required to allot the new circulation to those portions of the Union * * * which have not * * * their proper proportion of currency and bank capital."

Page 663.

"In further aid and ease of the people *in the painful transition from an irredeemable to a redeemable currency, we should reduce taxes.*"

"By their (the peoples') aid we are paying off the national debt with unexampled rapidity. We are reducing it at the rate of seventy-five to one hundred million dollars per annum."

"But *this reduction, gratifying though it may be, to the national PRIDE, IS WROUGHT OUT AT A TERRIBLE SACRIFICE TO THE PEOPLE. It is grinding them to the dust.*"

NOTE:—The above is the naked truth about the debt system of money. It is the people who pay by being ground to the dust because the money lenders who keep the government borrowing money or credit from them, and exact the last "pound of flesh" from the people, manoeuvre through our Congress an Unconstitutional money issuance. Congress is responsible and guilty whether through ignorance or corruption, and should return the issuance of our money to the Congress. *Money issuance and regulation of amount and value is a government function* and not the power of any "set of men under Heaven" to assume. Madison.

"The taxes, although nominally lightened, are really

doubled in weight. ' The prices of produce, the wages of labor, and the profits of manufacturers are so much lowered than they were a few years ago, *that it requires nearly double the amount of products of industry to pay the same amount of taxes.*'

"By the means already indicated * * * we would be ready, in a reasonably short time, to resume specie payments of the notes of the banks and the government."

"A too hasty resumption would be the ruin of multitudes."

"But when the resumption of specie payments shall have been proclaimed and established, *there remains the equally important question. How shall the resumption be permanently maintained?*"

"While our internal arrangements may thus be satisfactorily made to produce resumption, our relations to foreign countries will have a most important bearing on the question. Unless these are placed on a safe and satisfactory basis, it is idle for us to hope for the permanency of any resumption; and in looking carefully at those relations, they seem to me, under the present circumstances, to be dark and threatening clouds which must, unless guarded by Congressional legislation, be the terror of all state and national finances."

"* * * there are, at least, \$800,000,000 of them (securities) held abroad. Even now if we were in a state of resumption and one tenth part of our indebtedness abroad were thrown into our markets for sale, the proceeds to be withdrawn in specie, every bank in the country would be in a state of suspension in a fortnight."

NOTE:—Thus when we become enslaved to debt and the money (or credit) lenders, we are subjects to foreign

governments and bankers, just as Jefferson told us we would be if we embarked on the unconstitutional debt system of issuing money under private and bank interests. Evils pile up and democracy is undone. - Limiting national issues of currency to the small amount of gold as basis, inevitably means that bonds, and private bank notes bearing interest must be more and more the currency or credit money used with always an interest account to meet and debts to pay.

Page 664, 2nd Col.

Summary in part of Preceding.

"The result of these views may then be summed up briefly to be; that proper preparations *for resumption (of specie payments) are:*

- 1.—A belief that there is no redundancy of currency beyond the legitimate business of the country.
- 2.—That to prepare for resumption the General Government must *first resume payments (in gold) of its legal tenders (U. S. Treasury Notes).*
- 3.—That to assist it (government) in doing this and at the same time pay off a part of our indebtedness *the legal tenders should be partially withdrawn, and their place substituted by National Bank Notes* issued to new banking ASSOCIATIONS * * *."
- 4.—Some *contractions of the currency by banks* to enable them to meet a demand for coin * * *."

NOTE:—No redundancy or surplus of money, but U. S. Notes must be reduced to amount of gold and limited thereby; no redundancy, but some contraction of bank currency. Such is the reasoning of our law makers when they begin to subject themselves and their country to the debt money system. *It is contradictory, and incredible*

that it could be seriously made by a legislator in Congress. Just how such statements can be reconciled is only for a Congressman or banker to fathom. It amounts to pure hypocrisy, and we must conclude with Benjamin Franklin that such orations are "*designs of crafty men who mislead the people, proposing something under the specious appearance of public good while their real aim is to sacrifice that to their own private interests.*" The following high-sounding flourish of words is typical of their hypocrisy.

"With these arrangements made, and with industry and economy on the part of our people, *and a check upon our wasteful and unnecessary extravagance, which if not prevented will hurry us to ruin,* I think the day is not far distant when we may reasonably hope to see our nation again in possession of a redeemable currency, and our present National Banking System, under the watchful vigilance of Congress, affording to all classes a safe, steady and even currency * * * exchangeable everywhere for coin, *and securing to labor all of its just rewards.*"

NOTE:—And he had just stated in his address to Congress, that "*this reduction * * * is wrought out at a terrible sacrifice to the people*" and "*grinding them to the dust.*"

SPECIE PAYMENTS BECOMES A LAW

From *Congressional Currency*, by Armistead C. Gordon. G. P. Putnam's Sons. New York and London. 1895. Page 133.

"In 1875 an Act was passed by Congress requiring payment of the greenbacks in coin after January 1st, 1879. *This legislation is famous in the financial history of the country as the 'Resumption Act.'*"

CHAPTER XII

DEMONITIZATION OF SILVER

FOREIGN AND DOMESTIC DEBT MONEY
ADVOCATES MAKE WAR ON THE
AMERICAN STANDARD SILVER DOLLAR

From *Real Money vs. False Money—Bank Credits*, by T. Cushing Daniel. Published by the Monetary Educational Bureau, Washington, D. C. Page 56.

“On the 6th of January, 1868, John Sherman (Chairman of the Finance Committee of the Senate) introduced in the Senate—‘A Bill in Relation to the coinage of Gold and Silver,’ which Bill was referred to his Committee on Finance; he called this Bill up in the Senate on the 9th of June, 1868, and strongly urged its passage, using, as his main argument, the reports of Samuel Ruggles, of the proceedings of the Paris Conference. He (Ruggles) was a member of the New York Chamber of Commerce, and delegate from the United States to the Paris Conference, on which he reported.

“Fortunately, there was *on the Senate Finance Committee* an honest man of ability *who knew something about the money question and exposed THE SCHEME*. Senator E. D. Morgan, of New York, submitted *a minority report in which he opposed any INTERNATIONAL REGULATION OF MONEY as something that would fetter the United States*, and said:

'that it would be well for the government to increase rather than discontinue the coinage of silver, and that it should be poured in the current of commerce in full volume.'

"He then said:

'The (Civil) War gave us self-assertion and character and removed many impediments to progress. Its expensive lesson will be measurably lost *if it fails to impress upon us the fact that we have a distinctive American policy to work out—one sufficiently free from the TRADITIONS OF EUROPE*, to be suited to our peculiar situation and the genius of our enterprising countrymen.'

Page 57.

"Senator Morgan's opposition killed this Bill to demonetize silver. The reading of Mr. Morgan's (minority) Report settled its fate * * * and put such a prompt quietus on this Bill that its villainous motive was not discovered by leading men in Congress."

"Those back of it realized at once that they could not afford to have it discussed in the open—John Sherman used that stealth and diplomacy which characterized his whole life in the United States Senate, and succeeded in doing that, by stealth and chicanery, which he and his backers knew was impossible of accomplishment by fair and honest means."

"They knew it was a matter of the first importance that their personality and interest in the Bill should be concealed from the public. In order to do this they had a long and technical Bill framed by Boutwell through John Jay Knox in 1870 at a time when the subject was not before the people, and little or no

interest was taken in it as it was thought to be a scientific Mint Bill drawn up by specialists in the United States Mint and Treasury."

"The Bill was entitled '*An Act revising and amending the laws relative to the Mints, assay offices and coinage of the United States*,' and was always represented to Congress as a measure *for the sole convenience of the specialists in the Mint and Treasury.*'"

FOREIGN INFLUENCE ON CONGRESS OVER MONETARY LEGISLATION

Quotes from the *Congressional Record*, 4/1872. Page 2032.

Page 55.

'Ernest Seyd, of London, a distinguished writer and *bullionist, who is now here*, has given great attention to the subject of mint and coinage. After having examined the first draft of the Bill, he made sensible suggestions which *the Committee* (Senate Committee on Banking and Currency) *adopted and embodied in the Bill.*'

Page 53.

Affidavit Before the Supreme Court, Colorado (In Part)

'State of Colorado,
County of Arapahoe. ss.

'Frederick A. Luckenback, being first duly sworn on oath, deposes and says: I am 62 years of age. I was born in Bucks County, Pennsylvania. I removed to the City of Philadelphia in the year 1846, and continued to reside there until 1866, when I removed to New York City. * * * I have been a member

of the Produce Exchange and am well acquainted with many members of that body.'

'In the year 1865, I visited London, England, for the purpose of placing there Pennsylvania oil properties in which I was interested. I took with me letters of introduction to many gentlemen in London—among them, one from Robert M. Foust, ex-Treasurer of Philadelphia, to Mr. Ernest Seyd. I became well acquainted with Mr. Seyd. * * * I visited London thereafter every year and at each visit renewed my acquaintance with Mr. Seyd and upon many occasions became his guest—joining his family at dinner or other meals.'

Page 54.

'In February, 1874, while on one of these visits and while his guest for dinner, I, among other things, alluded to rumors afloat of Parliamentary corruption and expressed my astonishment that such corruption should exist. In reply to this, he told me he could relate facts about the corruption of the American Congress that would place it far ahead of the English Parliament in that line.'

"He said:

'If you will pledge me your honor as a gentleman not to divulge what I am about to tell while I live, I will convince you * * *. I gave him my promise, and then he continued:

'I went to America in the winter of 1872-3 *authorized to secure, if I could, the passage of a Bill demonetizing silver as it was to the interest of those I represented* — THE GOVERNORS OF THE BANK OF ENGLAND — *to have it done.*

'I took with me 100,000 pounds sterling, with the

instructions *that if that was not sufficient to accomplish the object, to draw another 100,000 pounds or as much more as was necessary.*

'He told me German bankers were also interested in having it accomplished. He said he was the financial adviser for the bank. He said: I saw the Committee of the House and Senate *and paid the money and stayed in America until I knew the measure was safe.*

'He said: *Your people will not now comprehend the far-reaching extent of that measure—but they will in after years.*

'Whatever you may think of corruption in the English Parliament, I assure you I would not have dared to make such an attempt here as I did in your country.'

'I expressed my shame to him for my countrymen in our Legislative Bodies.

(Signed) Frederick A. Luckenbach.'

'Subscribed and sworn to before me at Denver, this 9th day of May, 1892.

(Signed) James A. Miller,
Clerk, Supreme Court,
State of Colorado.'

(Seal)

Note:—The corrupted and the corruptor are equally guilty, and it is a sad commentary on the supposedly enlightened nations.

Page 55.

"The *Bankers' Magazine*, August, 1873, says:

'In 1872, silver being demonetized in France, England and Holland, a capital of \$500,000 was raised

and Ernest Seyd, of London, was sent to this country with this fund, as the agent of foreign bondholders and capitalists, to effect the same object here, which was accomplished.'

Page 57.

"It should be borne in mind that at this time the United States needed all the money that it could possibly get through the operations of the Mint to carry on the tremendous task of developing the resources of the country and paying off its bonded *indebtedness that had been forced upon the people by the money power.*
* * * Yet the above methods were resorted to by the money powers to prevent the United States from adding to the money supply, * * * contracting the currency and at the same time MAKING THE HUNDREDS OF MILLIONS OF UNITED STATES BONDS THEY HELD, PAYABLE IN GOLD."

"This was done without the knowledge of the voters or taxpayers of the country, who had to meet these obligations, and suffer the loss and fearful consequences of this treasonable act."

"The record will show that the leading men in Congress of the United States were absolutely ignorant of this infamous conspiracy. *I give the testimony of the representatives of the people in Congress, including the President of the United States at the time as to the passage of this bill.*

Page 58.

"President U. S. Grant stated:

'I did not know that the Act of 1873 demonetized silver. I was deceived in the matter.'

“Senator Morgan (of New York), December 12th, 1877:

‘Did the people demonetize silver? Never! It cannot even be fairly said that Congress did it. *It was done in a corner darkly.* It was done *at the instigation of the bondholders and other money kings*, who now, with upturned eyes, deplore the wickedness we exhibit in asking the question, even, who did this great wrong against the toiling millions of our people?’

“Judge Kelley, in the House, May 10th, 1879:

‘Never having heard until long after its enactment into law of the substitution in the Senate of the section *which dropped the Standard dollar*, I profess to know nothing of its history; but I am prepared to say that *in all the legislation of this country there is no mystery like the demonetization of the standard dollar of the United States.*’

“Senator Voorhees, January 15th, 1878:

‘No man has ever dared to whisper of a contemplated assault upon it (the Standard American silver dollar), and when the 12th day of February, 1873, approached, *the day of doom* to the American (silver dollar, the dollar of our fathers, *how silent was the work of the enemy!* Not a sound, not a word, not a note of warning to the American people *that their favorite coin was about to be destroyed*; **THAT THE GREATEST FINANCIAL REVOLUTION OF MODERN TIMES WAS IN CONTEMPLATION, AND ABOUT TO BE ACCOMPLISHED AGAINST THEIR DEAREST RIGHTS!**

‘Never since the foundation of the government has a law of such vital and tremendous import, or indeed of any importance at all, *crawled into our*

statute books so furtively or noiselessly as this. Its enactment there was so completely unknown to the people, and indeed to four-fifths of Congress itself, as the presence of a burglar in a house at midnight to its sleeping inmates.

'This was rendered possible partly because the clandestine movement was so utterly unexpected and partly from the nature of the Bill in which it occurred. *The silver dollar of American history was demonetized in an Act entitled, "AN ACT REVIS-
ING AND AMENDING THE LAWS RELATIVE TO THE MINTS, ASSAY OFFICES AND COINAGE OF THE UNITED STATES."*

Page 59.

"Senator Howe, February 5th, 1878:

'The Act of 1873, I charge it with guilt compared with which robbery of \$200,000,000 is venial.'

"Senator Beck, January 10th, 1878:

'It (the Bill demonetizing silver) never was understood by either House of Congress. I say that with full knowledge of the facts—no newspaper reporter—and they are the most vigilant men I ever saw in obtaining information—discovered that it had been done.'

"Senator Beck again:

'I know that the bondholders and *the monopolists* of this country are seeking to destroy all the industries of this people, in their greed to enhance the value of their gold. I know that the Act of 1873 did more than all else to accomplish that result, and the demonetization act of *The Revised Statutes was an illegal and Unconstitutional consummation of the fraud.*'

*"It should be remembered, * * * that the money power back of the demonetization of silver had previously succeeded in stopping the Government from issuing its full legal tender money (Greenbacks), and had then established National Banks (private) of issue in the United States—therefore, the destruction of the legal tender SILVER MONEY of the Government left the National (private) Banks completely in control of the currency, based upon the fraudulent foundation of gold which these International Bankers could manipulate and control."*

NOTE:—Silver having been demonetized and no longer a standard dollar, the next move by the money monopolists, as per the following, was to decrease and destroy much still in circulation, and retire silver certificates. The following "*Panic Circular*," sent out on March 12th, 1893, by the American Bankers' Association, speaks for itself.

Page 71, Same Book.

"Panic Circular (of organized money power)"

"The interests of national bankers require immediate financial legislation by Congress. (1) Silver, (2) silver certificates and (3) Treasury notes must be retired, and the *National Bank Notes, UPON A GOLD BASIS, made the only money.*"

"This requires the authorization of \$500,000,000 to \$1,000,000,000 of new bonds as a basis of circulation. You will at once retire one-third of your circulation and call in one-half of your loans."

"Be careful to make a money stringency felt among your patrons, especially among influential business men. Advocate an extra Session of Congress for the repeal of the purchase clause of the Sherman law; and act

with other banks in your city in securing a large petition to Congress for its unconditional repeal, as per accompanying form. Use personal influence with Congressmen; and particularly, let your wishes be known to your Senators. The future life of National Banks as fixed and safe investments depends upon immediate action, *as there is an increasing sentiment in favor of Governmental Legal Tender Notes and Silver coinage.*"

NOTE:—With the gradual curtailment of government power over the issuance of our money, by means of legislation against U. S. Treasury Notes, of resumption of Specie Payments, demonetization of silver and *the substitution of bonds* and National Bank Notes (all controlled by private interests), the final clinch comes with reduction of loans,—tightening the control of money over the lives of millions of Americans. *The tightening of money control by shortage and a money stringency and the consequent "panic" in business was the "lever" with which to force Congress to repeal the final vestage of government power over our money issuance.*

Page 72.

Hear Senator Hill, of New York, on that subject,
8/25/'93, on Senate floor

They (the bankers) inaugurated the policy of refusing loans to the people, even upon the best of security and attempted in every way to spread disaster throughout the land. These disturbers—these promoters of the public peril—represent largely the creditor class, the men who desire to appreciate the gold dollar in order to subserve their own selfish interests; men who revel in hard times; men who drive harsh bargains with their fellowmen regardless of financial

distress; and men wholly unfamiliar with the principles of monetary science."

Senator Hill, New York

Page 73.

"There never was a more comprehensive plan put into operation by the banking associations to *coerce Congress to pass this Bill*. The writer (T. Cushing Daniel) was in contact with Senators and Representatives of the people in Washington; appeals were being made to them from their constituents all over the United States to withdraw their objections to the passage of this Bill, as the banks notified them that they (the banks) could not give them (the public) accommodations unless this Bill was passed."

"In this fight for the unconditional repeal of the silver act, the organized banking interests made a direct attack on the silver and silver certificates in order to discredit them, *the object of the bankers being to stop further addition of money issued by government in order that banks of issue might substitute their notes and strengthen their monopoly over the money system of the United States.*"

"Space will not permit me to describe the loss and suffering brought upon the people, which covered a period of about six years."

Page 86.

"While the real workers and producers are bringing into existence everything needed by the human family for its comfort and happiness, and a kind Providence has blessed them beyond the former children of the earth, *by selfish machinations of men called financiers,*

international bankers, etc., we are cursed with a money system which can only properly be called a monumental fraud perpetrated on an unsuspecting people.

"Up to the present time all legislation on money (since the Civil War) has been to increase the debtor class. It is now high time, owing to the tremendous wealth and productive force of the people of the United States, that this process should be reversed, and debt paying instead of debt making be the object of all future legislation affecting the money system."

"There is nothing embarrassing and hampering the future of our people more than *paying the tremendous tribute to an interest account, that is indirectly carried by them, in addition to their individual obligations, and added to the cost of things they buy.*"

NOTE:—Most of the preceding quotations from American statesmen and records date back before the time of most people now living. The struggle to conquer the power of organized finance over our government and people, which had engaged the greatest minds and earnest efforts of men of truly democratic ideals from our earliest history, continues on throughout the years of generations still living. The following pages record events many of us can recall, and as time progresses the struggle heightens.

CHAPTER XIII

AMERICAN BANKERS' ASSOCIATION
CONTROLS ELECTION OF PRESIDENT, 1892

Page 69.

"In order to show that the people were deceived in the Presidential Campaign of 1892 *and that the money power was the controlling force back of this campaign, and that their purpose was to stop the Government from adding to the currency system by the coining, or use of any more silver as currency, and by doing this increase the hold of the money power and banking interests over the money system of the United States, * * ** the people were kept excited and their attention centered on the Tariff, the Nominal Issue, *while the real issue was kept from them. They talked tariff while the real issue was money.*"

"A valuable witness is at hand from the inner money circle to prove that this was the case. Mr. Solomon, a partner of Speyer & Co., *International Bankers*, made the following statement in the Forum for July, 1895, entitled, 'Sound Currency and the Dominant Issue.' "

'It was well understood that a reform of the tariff was to be the nominal issue of the campaign of 1892, and that all the changes were to be rung upon that theme, but enthusiasm for reform of the tariff would not have produced * * * the *sinews of war* (Campaign contributions). What did produce them was the conviction that the triumph of the Democratic party, with Cleveland at its head, would mean *repeal of the purchasing clause of the Sherman Act.*'

"This article was written by Mr. Solomon, who was in a position to know the facts, and he put himself on record as above, *three years after the people thought they had elected Cleveland upon the Tariff Issue.*"

"At this time (1892) the Government was purchasing and putting into circulation 4,500,000 ounces of silver a month, *represented by silver certificates. This the banks determined to stop*, and as soon as Cleveland had taken the oath of office as President of the United States, the American Bankers' Association, realizing that there was a *large majority in Congress against the repeal of this Act* whereby the Government was issuing additional currency, *determined to force its repeal by creating a panic * * *.*"

"Just eight days after Cleveland was sworn into office, on March 12, 1893, the American Bankers' Association, representing the Incorporated National Banks of the United States, through their all-powerful influence and control of the currency of this country, *deliberately planned to destroy the prosperity and business welfare of over 80,000,000 people* in order to increase their stranglehold on the Monetary System of the United States, their plan being to drive the people into misery and poverty, hiding their intentions by loudly proclaiming that it was due to the Government adding to the currency by issuing silver certificates, charging that the panic was brought on by the Government using silver bullion and issuing silver certificates to increase the currency."

"Fortunately, the Panic circular (quoted in preceding pages) sent out on the 12th of March, 1893, by this organization, The American Bankers' Association, is at hand and can be correctly designated as the panic circular of the organized money power of the

United States, as it was the immediate and only cause of the panic of 1893." (See page 178.)

Page 73.

"* * * the next step taken by this association of the banking interests" was "to absolutely discredit and convert into debts, \$350,000,000 of money that had already been issued by the Government."

Page 75.

"The unthinking cannot realize the far-reaching significance of this decision. It was the first time in the history of the money of the world that a dollar was decided to be a debt redeemable in another dollar."

NOTE:—The accumulation of legislation restricting the government issues of money, such as "greenbacks," demonetizing silver, specie payments, the gold standard, basing bank notes on government debt,—all were the cause of the *great panics of 1893* and the following years. That period was one of the greatest social unrest, giving rise to such movements as Coxey's march on Washington, turning into ghost towns the silver mining districts of western silver producing states, and giving rise to the "silver tongued orator," William Jennings Bryan, who campaigned for the Presidency in 1896 (and was elected by popular vote, but not by electoral college) on the issue of "free coinage of silver 16 to 1). Even the president, Cleveland, who sponsored the bankers' legislation, had to admit the cause of the panic as follows:

Page 72.

"Our unfortunate financial plight is *not the result of untoward events, or of conditions related to our*

*national resources; * * * with plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment, and with satisfactory assurance of business enterprise, suddenly financial distrust and fear have sprung up on every side."*

Grover Cleveland

NOTE:—With much money withdrawn and loans refused to people generally and the country *stampeded* into a money and credit famine, why would not fear and distrust and financial panic ensue? And again it can be asked, *why should private interests*, instead of government, have control of that vital necessity to commerce, business, and our growth, health and happiness, **MONEY ISSUANCE**; and thus bring on a national blight on this great, rich continent? Well, it is the same old tyranny, in another garb, and we had better crush it if we expect to retain any control over our government or lives; or we shall be a race of slaves.

MONEY PLANK IN THE PLATFORM OF THE PROGRESSIVE PARTY OF THEODORE ROOSEVELT, 1912

From *Documents of American History*, by Commager. Edited by Henry Steele Commager. Columbia University, F. A. Crofts & Co., N. Y., 1940.*

"Currency Plank, August 5, 1912. The issue of currency is fundamentally a Government function and

*The following documents quoted from *Documents of American History*, by Commager, edited by Henry Steele Commager, and published by F. A. Crofts & Company, N. Y., are used by the courtesy of H. S. Commager.

the system should have as basic principles soundness and elasticity. *The control should be lodged with the Government and should be protected from domination or manipulation by Wall Street, or any special interests.'*

"We are opposed to the so-called Aldrich Currency Bill, because its provisions would place our currency and credit system in *private hands*, NOT SUBJECT TO EFFECTIVE CONTROL."

*Money Plank in the Platform of the Progressive
Party of Robert La Follette, Sr., 1924*

"We denounce the mercenary system of foreign policy under recent administrations in the interests of financial imperialists * * * and International Bankers * * * as contrary to the will of the American people, destructive of DOMESTIC DEVELOPMENT, and PROVOCATIVE OF WAR."

CHAPTER XIV

THE PUJO COMMITTEE'S INVESTIGATION
INTO OUR CURRENCY, 1912

From *Other People's Money; and How Bankers Use It*, by Louis D. Brandeis. Frederick A. Stokes Company, New York. Page 1.*

NOTE:—*The money question was before the country in the year 1912 and even before, as shown by the Roosevelt Progressive Party Platform on money, and by Wilson's statement when still governor of New Jersey.*

"President Wilson, when governor, declared, in 1911:

'The greatest monopoly in this country is the money monopoly. So long as that exists, our old variety of freedom and individual energy of development are out of the question.'

*'A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men * * *'*

THIS IS THE GREATEST QUESTION OF ALL: and to this statesmen must address themselves with *earnest determination* to serve **THE LONG FUTURE AND THE TRUE LIBERTIES OF FREE MEN.'**

*The following quotations from *Other People's Money; and How Bankers Use It*, by Louis D. Brandeis, published by J. B. Lippincott Company, is reproduced here by the permission and courtesy of J. B. Lippincott, publishers, Philadelphia, Pa.

Page 2.

"The Pujo Committee (appointed in 1912, to study our currency) found:

'FAR MORE DANGEROUS than all that has happened to us in the past in the way of ELIMINATION OF COMPETITION IN INDUSTRY, is *the control of credit through the domination of these groups over banks and industries.*'

'It is impossible that there should be competition with all the facilities for raising money or selling large issues of bonds *in the hands of these few bankers and their partners and allies*, WHO TOGETHER DOMINATE THE FINANCIAL POLICIES OF MOST OF THE EXISTING SYSTEMS * * *.'

"The acts of this inner group, as here described, have, nevertheless, been more destructive of competition than anything accomplished by the trusts, for *they strike at the very vitals of potential competition IN EVERY INDUSTRY THAT IS UNDER THEIR PROTECTION*, a condition which if permitted to continue, will RENDER IMPOSSIBLE ALL ATTEMPTS TO RESTORE NORMAL COMPETITIVE CONDITIONS IN THE INDUSTRIAL WORLD."

*Chairman of the Committee on Banking and Currency
of the Senate of the United States says:*

Page 64.

"Senator Owens, Chairman of the Committee on Banking and Currency said recently (in part):

'My own judgment is *that a bank is a PUBLIC UTILITY INSTITUTION*, and cannot be treated

as a private affair, for the simple reason that the public is invited, under the safeguards of the government, to deposit its money with the bank, *and the public has a right to have its interests safeguarded through organized authorities.*

'The logic of this is beyond escape. All banks in the United States, public or private, *should be treated as a public utility institution, where they receive public deposits.*

'And we should bear this in mind: If privately owned banks fail in the public duty to afford borrowers equality of opportunity, there will arise *a demand for government owned Banks which will become irresistible.*

Page 65.

"The statement of Mr. Justice Holmes of the Supreme Court of the United States, in the Oklahoma Bank case, is significant:

'We cannot say that the public interest to which we have adverted, and others, *are not sufficient to warrant the State in taking the whole business of banking under its control.*

Page 6, Justice Brandeis states:

"The development of our FINANCIAL OLIGARCHY, followed * * * lines, with which the history of POLITICAL DESPOTISM has familiarized us—*usurpation proceeding by gradual encroachment rather than by violent acts;*" and by "*subtle and often LONG CONCEALED CONCENTRATION.*"

"It was by processes such as these that Cæsar Augustus became master of Rome. *The makers of our Con-*

stitution had in mind LIKE DANGERS TO OUR POLITICAL LIBERTY, when they provided so carefully for the separation of governmental powers."

Justice Louis D. Brandeis.

NOTE:—Representative Lindbergh from Minnesota, father of the world famous flier, was one of the most consistent and ardent supporters of government issued money during his ten years in the House of Representatives. He is said to be the only man known in Congress who read the entire 20 volumes of the Aldrich Monetary Commission. Such a Niagara of words poured over Congressman on one bill raises the suspicion among reasonable people that those interests responsible for it are purposely making it impossible for Congressmen to digest it. Of the Aldrich Banking and Currency Plan, Lindbergh said:

"The Aldrich Banking and Currency Plan is a monstrous scheme to place under one control all the finances of the country, public and private. It would create one great central association with fifteen branches to encompass all the states. * * * It would admit of no membership except banks and trust companies, and exclude the smaller ones of these. The rest of the world would not only be excluded from holding stock, but by the nature of the association, powers and relations of finances to commerce, it would dictate the terms on which business should be done. With that power centered in the great city banks and these banks controlled by the trusts and money powers, the politics as well as the business of the country would be under its dictation.

Lindbergh declared:

"The government prosecuted other trusts, but supports the money trust. * * * I have been waiting

patiently for several years for an opportunity to expose the false money standard, and to show that *THE GREATEST OF ALL FAVORITISM IS THAT EXTENDED BY THE GOVERNMENT TO THE MONEY TRUST.*"

NOTE:—To further substantiate the position of monetary reformers, hear Woodrow Wilson on the subject.

"Don't deceive yourselves for a moment as to the power of the great interests *which now dominate our development. They are so great THAT IT IS ALMOST AN OPEN QUESTION WHETHER THE GOVERNMENT OF THE UNITED STATES CAN DOMINATE THEM OR NOT.*"

"Monopoly means atrophy of industry. *If monopoly persists, monopoly will always sit at the helm of government. I do not expect to see monopoly restrain itself. If there are men in this country big enough to own the government of the United States, they are going to own it; what we have to determine now is whether we are big enough, whether we are men enough, whether we are FREE ENOUGH, to TAKE POSSESSION AGAIN OF THE GOVERNMENT WHICH IS OUR OWN.* We haven't had free access to it; our minds have not touched it by way of guidance, in half a generation * * *."

Woodrow Wilson

NOTE:—The preceding quotations from historical documents on our money system should convince anyone who will study them with an unprejudiced mind *that our money system is unAmerican and undemocratic, not to mention the inhumanity of its despotic power over government, industry and life.* There have been patriots in and out of

government, and authorities on money as related to a mass production and power age, who have carried on the struggle for a proper distribution of money to the people through government control and issuance, during the last few decades, *but since most of the government moves have been only to tighten the power of money control of private interests over money issuance, and money issued on debt,—a debt now so colossal in hundreds of billions that it is not possible for people to comprehend—I will close this documented work with a few statements from famous writers on money and some quotations in brief from famous people.*

CHAPTER XV

MONETARY AUTHORITIES

From *Trade Fallacies*, by Arthur Kitson. Published by P. S. King and Son, Ltd., Orchard House, Westminster, London, Page 25.*

"The financial factor presents itself from two distinct and entirely opposite and conflicting standpoints. *The one is the bankers' and moneylenders'*; the other the producers. To the banker, money represents itself as a valuable commodity from which he must draw dividends in the shape of interest. *Hence, cheapness in money is as hateful to the money-lender as cheap clothing is to the sweater.*"

"For this reason the banking interests have waged unceasing warfare against State Banking and what they term 'Cheap money Expedients.' Moreover, the histories of cheap currency expedients have mostly been written by bankers, their employees, or hired professors, who have invariably presented the subject from this interested class's point of view. It is for this reason that so much importance has been attached to gold for currency purposes. *Its scarcity, its dearness, gives weight to the demand for high interest charges.*"

"On the other hand, *the producer regards money more from the standpoint of its utility*—his interests require the cheapest form obtainable—consistent with its ability to perform its work."

*The following quotations from *Trade Fallacies and A Fraudulent Standard*, by Arthur Kitson, published by P. S. King & Staples, are reproduced here by the permission of Staples Press Limited, Staples House, Cavendish Pl., London W 1.

Page 28. In re World War I.
In England, especially.

"As to financing by means of loans, **THIS IS EVENTUALLY THE MOST RUINOUS OF ALL METHODS**,—although the most popular, because its evil effects are not immediately perceived and the burdens entailed are spread over a wide area and a long period of time."

Page 29.

"Financing a world crisis like the present (World War I) by the method of the loan, *means the inevitable enslavement of this and future generations. It constitutes a wedge which separates society into the two eternally conflicting classes: THE IDLE RICH who live on interest; and THE OVERBURDENED POOR who must produce it.*"

"Its effects are disastrous, both socially and economically. A simple arithmetical calculation will show that **PRODUCTION DOES NOT KEEP PACE WITH THE DEMANDS OF INTEREST CHARGES * * * EXPENSES OF GOVERNMENT, DEFENSE, EDUCATION, etc.**"

"Some twenty years ago I showed that even in a country as rich in natural resources as the United States, *the claims of capital outran the capacity of production, and hence, periodically WHOLESAL BANKRUPTCY AND STARVATION OF THE FACTORS THEMSELVES WAS INEVITABLE.*"

"Although the public received the news with astonishment, those who, like myself, have striven for years to open the eyes of the public to the imminent danger of the **CONFIDENCE BASIS** upon which our * * *

banks have been conducted, fully expected this catastrophe."

Page 33.

"The same thing happened in the United States when banks collapsed in 1929, when loans exceeded by ten times the actual money in the banks, and runs on banks began. *As in England so in the United States the Government came to the rescue.* The generosity of the government saved the banks as usual, AT PUBLIC EXPENSE. The entire credit of the nation was placed at the disposal of the banks, which enabled them to open their doors, resume business and avoid receivership."

"If at that time the Government had seized the golden opportunity of nationalizing our entire banking system, instead of catering to the private interests, * * * they could have effected one of the greatest and most valuable economic achievements of modern times and gained for the nation incalculable advantages."

"The present banking business of this (England) country, which is practically a monopoly (same in the United States), is an *extremely lucrative one, and is due to the special privileges granted by law.* In the hands of the government, it would be made TO PRODUCE AN ENORMOUS REVENUE, whilst by extending credit facilities to manufacturers, farmers and small producers generally, at moderate rates of interest, a very great impetus might be given to production, and untold benefits conferred upon some of our most deserving classes, who are, at present, cut off from such credit facilities by the autocratic methods of our London banking directors."

From *A Fraudulent Standard*, same author and publisher.

Page 156.

*"Although gold is probably the most unsuitable commodity which could possibly be selected for the world's price scale, owing to its relative scarcity, necessitating a vast array of paper to make good the deficiency, any other commodity would also be subjected to great fluctuations from time to time. * * * Silver is the oldest and has proved the steadiest over a longer period than any other, and is still the money of the Far East (1917)."*

Why Silver was Demonetized in the United States

"In the West (U. S.) it (silver) was dethroned because financiers feared its supply would be more difficult to control than its scarcer, more expensive and aristocratic rival, gold."

"And the ECONOMIC and POLITICAL SUPREMACY of this class depends *upon maintaining a worldwide SCARCITY of legal tender in order that there shall exist a PERPETUAL MARKET FOR THEIR CREDIT, the INTEREST UPON WHICH*
* * * *IS THEIR CHIEF SOURCE OF INCOME."*

NOTE:—The great silver mining towns of Colorado and Montana and other silver mining communities were made into ghost cities and the prosperity of large sections of our country collapsed because foreign financiers destroyed a great American industry which was giving us needed currency expansion to develop our natural resources without borrowing from capitalists.

"This was the real gist of the great struggle against bi-metalism (silver coinage) which waged so fiercely. *The bankers and money lenders won; THE PEOPLE PAID THE PRICE OF THEIR IGNORANCE.*"

From *The True Function of Money and the False Foundation of Our Banking System*, by Frederick Raphael Burch. Adolphus Publishing Co., Seattle, Washington. Page 117.*

"Money is not a commodity—that is, wealth produced by individuals for the purpose of barter and trade; but it is, however, a government factor of commerce which, in common with TRUE COMMODITIES, is subject to the law of supply and demand."

"No one can successfully deny that a supply of money in excess of (production of real wealth of goods and services) the requirements of exchange means a money of lesser value, while requirements of exchange (production and services) in excess of the supply of money means money of greater value."

"*Money is, therefore, directly amenable to the law of supply and demand; AND WHOEVER REGULATES THE SUPPLY OF MONEY, that is, the amount permitted to circulate at any given time, WILL BE THE PARTY WHO REGULATES THE VALUE THEREOF.*"

"That money has a very fluctuating value after coinage (whether coin or paper) is patent, and *THAT CONGRESS SHOULD REGULATE THAT VALUE IS EVIDENT. THIS IT (Congress) HAS FAILED TO DO.* Contrary, thereto, it delegates

*The following quotations from *The True Function of Money and the False Foundation of Our Banking System*, by Frederick Raphael Burch, published by Adolphus Publishing Co., are reproduced here by the permission and courtesy of the author, Frederick Raphael Burch, 861 Dexter-Horton Bldg., Seattle, Wash.

this important Constitutional function to the bankers and money lenders, *AND THEY (THE BANKERS AND MONEY LENDERS) REGULATE THE VALUE OF MONEY AT WILL*, and always to their own best interests, *and with a total disregard to the rights and interests of the people.*"

"They, the *BANKERS AND MONEY LENDERS, HAVE THUS BECOME A COORDINATE BRANCH OF THE GOVERNMENT, SELF CONSTITUTED AND ANSWERABLE TO NAUGHT BUT THEIR OWN INTERESTS.*"

"The value of money can be, and is, regulated solely by control of the volume in circulation; and this control is, and rightly so, *PLACED IN CONGRESS BY THE CONSTITUTION.*"

"To enforce this (Constitutional) right, the government must retain control of the volume of money in circulation, and the method for accomplishing this is by the *ESTABLISHMENT OF GOVERNMENT BANKS*, thereby taking that control out of the hands of private individuals."

Page 114.

"The subject of money is deposed of by the United States Constitution with extreme brevity. It is as follows:

'Article 1, Section 8, Clause 5: *The Congress shall have power to coin money, regulate the value thereof and of foreign coin.*'

"*This provision gives to Congress the exclusive right to do three things. * * ** (1) The right of Congress to coin money, and a denial of that right to the states or to individuals, is unquestioned; (2) The right of Congress to regulate the value of domestic

money; (3) and foreign coin, and a denial of that right to the states or individuals, is equally beyond question."

From *The Curse of Credit*,* by R. A. De Lynden, LL.D., Utrecht. Preface by Christopher Hollis. Published by Longmans, Green & Co., New York, London and Toronto. The following quotation is from the Preface of the book, and is Hollis' statement. Page 7.

"* * * it is perhaps worthwhile to underline what strikes me as the *basic principle* of Baron de Lynden's monetary criticism. It is a principle of extreme simplicity, of extreme importance, and of extreme originality. *It is that a monetary system must tell the truth.*"

"The DISEASE IN THE SYSTEM which allows people to say:

'I lend you one pound when they do not possess one pound to lend,' * * *

'The system which jumps from the legitimate use of "money as credit" to the "illegitimate creation of credit money."'

"Money is that which discharges a debt. If so, IT IS A MANIFEST ABSURDITY THAT IT SHOULD ITSELF COME INTO EXISTENCE AS A DEBT. Yet *CREDIT IS DEBT*. Therefore, it is an absurdity that anybody, whether private banker or public official, should 'create credit.' It is the essence of an efficient money * * * *that it should not be of such nature that it can be created and destroyed 'at will.'* His (de Lynden's) principles do not

*The following quotations from *The Curse of Credit*, by R. A. De Lynden with preface by Christopher Hollis, published by Longmans, Green & Co., London, N. Y., and Toronto, are used by the permission and courtesy of Longmans, Green & Co., publishers.

impose upon him * * * any philosophic compulsion to say that money must necessarily be of the precious metals."

REPORTS, STATISTICS AND FIGURES ON CENTRALIZATION OF MONEY MONOPOLY

From *Concentration of Control in American Industry*,* by H. W. Laidler, Ph.D. Executive Director, League for Industrial Democracy. President, National Bureau of Economic Research (1930-2). Published by Thomas Y. Crowell Co., New York.

Congressman Louis T. McFadden, Chairman of the Committee on Banking and Currency declared:

"It was thought when the Federal Reserve Act was passed that the central form of banking in the country was ended, as the Federal Reserve Law was pronounced by its advocates a decentralized system of central banking. * * * *Subsequent analysis and developments, however, indicated that the Federal Reserve System, instead of decentralizing banking resources in the United States, HAS TENDED TO CENTRALIZE BANKING TO AN EXTENT FAR BEYOND THAT WHICH EXISTED PRIOR TO THE ENACTMENT OF THE LAW.*"

"We find that the concentration of nation-wide banking assets under the control of these big banks (principally in New York and Chicago) or their affiliations HAS BECOME SO IMPORTANT THAT IT IS OVERSHADOWING THE ENTIRE FEDERAL RESERVE SYSTEM OF OPERATIONS."

*The following quotations from *Concentration of Control in American Industry*, by H. W. Laidler, Ph.D., published by Thomas Y. Crowell Company, are used by the permission and courtesy of Thomas Y. Crowell Co., publishers, 432 4th Ave., New York City 16.

Page 338.

"As a result of these general developments, 250 banks held resources in the beginning of 1930, of \$33,-400,000,000 out of total bank resources in the nation of \$72,000,000,000. Thus 1% of the banks of the country directly controlled more than 46% of the total national resources."

NOTE:—Following is from the testimony of John W. Pole, Controller of the Currency, before the Committee on Banking and Currency, House of Representatives, 71st Congress. Cong. Record, Vol. 1, Part 1, Page 3 and 4.

Branch, Chain and Group Banking

"Twenty-four New York banks, or less than one-tenth of 1% of the total, have combined resources of about \$10,800,000,000 while their capitalization of nearly \$700,000,000 is almost comparable in total to that of 20,000 country banks situated in towns of 10,000 population or less."

"Craig B. Hazelwood, President of the American Bankers Association, estimated in October, 1929 (*American Bankers Association Journal*) that 10 banks 'today have combined resources of \$10,000,000,000 1% of our banks control approximately three-fourths of the nation's commercial deposits, leaving one-fourth to the remaining 99%.'"

Page 360.

"We find, therefore, that the credit facilities of the nation are becoming increasingly concentrated. One per cent of the banks of the country control nearly one-half the total national resources."

"Concentration has recently been greatly advanced through the rapid consolidation of the key banks of

the country, through the development of chain and branch banking, through the manipulation of the investment trust, through the industrial activities of private banks, and through other means."

"The unit bank is fast fading from the scene, and America bids fair, sooner or later, to follow the example of Canada, England and other countries in the
CONCENTRATION OF ALL BANKING POWER
IN A COMPARATIVELY FEW GIGANTIC CENTRAL BANKING INSTITUTIONS."

CHAPTER XVI

Well Known Quotations Follow

Woodrow Wilson said: "The greatest monopoly in this country is the money monopoly. * * * A great industrial nation is **CONTROLLED** by its credit system. Our system of credit is concentrated. The growth of the nation, therefore, *AND ALL OUR ACTIVITIES are in the hands of A FEW MEN.*"

From Brandeis' *Other Peoples' Money.*" Page 1.

"To use Lincoln's own words, the bankers and credit dealers of this age have placed the American citizen in this position:

'They have him in his prison house. They have searched his person and have left no prying instrument with him. One after another, they have closed the heavy iron doors upon him and now they have him, as it were, bolted in with a lock of one hundred keys which can never be unlocked without the concurrence of every key; the keys in the hands of a hundred different men, and they scattered to a hundred different places; and they stand musing as to what invention in all the dominion of mind and matter can be produced to make the impossibility of his escape more complete than it is.'

From G. G. McGeer's *Conquest of Poverty.* Page 208.

Thomas Jefferson said:

"If the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the

people of all property until their children will wake up homeless on the continent their fathers occupied. *The issuing power of money should be taken from the banks and restored to Congress and the people to whom it belongs.* I sincerely believe the banking institutions (having the issuing power of money—Jefferson's parenthesis) are more dangerous to *LIBERTY* than standing armies. My zeal against these institutions was so warm and open at the establishment of the Bank of the United States (Hamilton's foreign system), that *I was derided as a maniac by the tribe of bank mongers who were seeking to filch from the public."*

From T. C. Daniels' *Real Money vs. False Money*.

Lincoln, about the close of the Civil War, said, in a letter to Mr. Elkins of Illinois (same book) :

"Yes, we may congratulate ourselves that this cruel war is nearing the close, but I see in the future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war corporations have been enthroned, and an era of corruption in high places will follow and the money power of the country will endeavor to prolong its reign by working on the prejudices of the people until wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war."

Premier MacKenzie King, of Canada, says:

"Once a nation parts with control of its currency and credit, *it matters not who makes that nation's laws.* Usury once in control will wreck any nation.

"Until the control of the issue of currency and

credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of Democracy is idle and futile."

From McGeer's *Conquest of Poverty*. Page 131.

Lincoln's warning to Labor (same book) :

"They (labor) found in Lincoln, however, a leader whom they could trust. He said:

'Let the worthy men who toil up from poverty beware of *surrendering a political power which they already possess*, and which if surrendered will surely be used to close the door of advancement against them, *AND FIX NEW DISABILITIES and BURDENS upon them TILL ALL LIBERTY IS LOST.*' "

Jefferson said:

"I hope we shall crush in its birth the aristocracy of our moneyed corporations, which dare already to challenge our government to a trial of strength, and bid defiance to the laws of our country."

From *The Jefferson Cyclopedia*, J. P. Foley. Page 73.

Jefferson again:

"*Money is the agent by which modern nations will recover THEIR RIGHTS.*"

From *Jefferson Cyclopedia*. Page 574, Par. 5385.

From *Life and Writings of Thomas Jefferson*, by L. E. For-
man.

"This Institution (The United States Bank) is one of the most deadly hostilities existing *against the principles and form of our Constitution.* * * * I deem no government safe which is under the vassalage of any

self-constituted authorities, or any other authority than THAT OF THE NATION."

Christopher Hollis said:

"It is perhaps worthwhile to underline what strikes me as the basic principle * * *. It is a principle of extreme simplicity, of extreme importance, and of extreme originality. *It is that a monetary system must tell the truth.* The disease is in the system which allows people to say:

'I lend you one pound when they do not possess one pound to lend.'

The system which jumps from *the legitimate use of 'money as credit'* to the *'illegitimate creating of CREDIT MONEY'*.

Congressional Report
(Pujo Committee, 1912)

"Far more dangerous than all that has happened to us in the past in the way of elimination of competition in industry, is *the control of credit through the domination of these groups (money monopoly) over banks and industries.*"

Louis D. Brandeis, Supreme Court Justice, said:

"The development of our financial oligarchy followed * * * lines with which the history of political despotism has familiarized us—USURPATION BY GRADUAL ENCROACHMENT rather than by VIOLENT ACTS; *and by subtle and often long-concealed concentration.*"

Lincoln defines Democracy, as anti-slavery:

"As I would not be a slave, so I would not be a master. *This expresses my idea of democracy.*

Whatever differs from this **TO THE EXTENT OF THE DIFFERENCE** *is not democracy."*

NOTE:—Including bondage to debt.

Pope Pius XI said:

"Immense power and despotic economic domination are concentrated in the hands of a few. * * * This power becomes particularly irresistible when exercised by those who, *because they hold and control money*, are able also, *to govern credit and determine its allotments*, for that reason supplying, so to speak, *the life-blood to the entire economic body*, and grasping, as it were, in their hands, the very soul of production, *so that no one dare breathe against their will."*

Chester C. Davis, former Governor, Federal Reserve Board said:

"We bankers have the power to create and destroy money. The power to create and destroy money IS A GIGANTIC POWER."

From British Chamber of Commerce Publication, Jan., 1934. In article entitled, "Goodwill and Usury."

"Humanity can have peace and goodwill, but it cannot have PEACE AND USURY."

Frederick Soddy, M.A., F.R.S., Nobel Prize Winner, 1921:

"Nothing now is safe any longer *in the entire world*, or likely to be again * * *. Nothing can satisfy them till the whole world is safe for their banking, that their fundamental insolvency may defy exposure. * * * They aim at absolute dictatorship, under which none shall be allowed to live save by their favor, and for the advancement of their transcendental whims."

Arthur Kitson, in *Fraudulent Standard*, said:

"The economic and political supremacy of this class depends upon maintaining a *world-wide scarcity of legal tender*, in order that there shall exist a perpetual market **FOR THEIR CREDIT**, the interest upon which—amounting to an annual return of hundreds of millions—**IS THEIR CHIEF SOURCE OF INCOME.**"

Benjamin Franklin on "Prime Cause of Revolutionary War":

"The refusal of King George to allow the colonies to operate on an honest, colonial money system, *which freed the ordinary man from the clutches of the manipulators*, was probably the prime cause of the Revolution.

"If you do not exclude them (manipulators) (Franklin's parenthesis) from these United States, *in this Constitution*, in less than 200 years our descendants will be working in the fields to furnish them substance *while they will be in the counting houses rubbing their hands.*

"I warn you, gentlemen, if you do not exclude them (from Government) for all time, your children will curse you in your graves."

Arthur Kitson, in *Trade Fallacies*":

"Financing a world crisis like the present (World War I) by the method of the loan, *means the inevitable enslavement of THIS AND FUTURE GENERATIONS.*

"It constitutes a wedge which separates society into two eternally conflicting classes: *the idle rich, who live on interest; and the overburdened poor, who must produce it.*

"Its effects are disastrous, both socially and economically. *A simple arithemetical calculation will show THAT PRODUCTION does not keep pace with the demands of interest charges * * ** expenses of government, defense, education, etc.

"As to financing by means of loans, THIS IS EVENTUALLY THE MOST RUINOUS OF ALL METHODS—although the most popular, *because its evil effects are NOT IMMEDIATELY* perceived, and the burdens entailed are spread over a wide area and a long period of time."

From Abstract of Lincoln's Monetary Policy. Certified by the Library of Congress.

"The Government should create, issue, and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of consumers.

"The privilege of creating and issuing money is not ONLY THE SUPREME PREROGATIVE OF GOVERNMENT, but it is the Government's greatest opportunity to create abundance. * * *

"By the adoption of these principles, the long-felt want for a uniform medium will be satisfied. The taxpayers will be saved immense sums of interest * * *. The financing of all public enterprises, the maintenance of stable government and ordered progress, and the conduct of the Treasury will become matters of practical administration. * * * *Money will cease to be master and become the servant of humanity. DEMOCRACY WILL RISE SUPERIOR TO THE MONEY POWER.*"

"The Pen is Mightier than the Sword."